Austria .. Sch 15	Italy .... L 1100	Portugal . Esc 55
Bahrain . Din 0.650	Japan Y650	S. Arabia . Rls 5.50
Belgium .. BFr 35	Jordan ... Fils 500	Singapore . S$ 4.16
Canada .. C$1.50	Kuwait ... Fils 500	Spain ..... Pta 95
Denmark . DKr 7.00	Lebanon .. L£ 5.00	Sri Lanka .. Rup 30
Egypt .... E£1.00	Luxembourg LFr 35	Sweden . SKr 6.50
Finland . Fmk 5.00	Malaysia . Rgt 4.25	Switzerland . SwFr 2
France .. FFr 5.00	Mexico .. Pes. 300	Taiwan ... NT $35
Germany . DM 2.00	Morocco . Dh 6.00	Tunisia .. Din 0.500
Greece ..... Dr 60	Netherlands . Fl 2.25	Turkey ... L 160
India .... Rup 15	Norway . NKr 6.00	U.A.E. ... Dh 6.50
Indonesia . Rp 2500	Philippines . Pes 20	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,069 — Tuesday May 10 1983 — D 8523 B

Mugabe tries IMF rectitude for Zimbabwe, Page 4

NEWS SUMMARY

GENERAL

Soviet families leave Lebanon

More than 85 relatives, mostly women and children, of Soviet citizens based in the Lebanon were evacuated from Beirut yesterday on a specially chartered aircraft.

The decision heightened fears of renewed hostilities after the accord negotiated with U.S. help for the withdrawal of Israeli forces from Lebanon. The Palestine Liberation Organisation said yesterday that it rejected that agreement.

In the Israeli-held Chouf hills Christian and Druse militia traded barrages of artillery fire. Police said 37 people had been killed and 126 wounded in five days of such fighting. The Israeli Army said it was trying to arrange a ceasefire.

In New York, deposed Israeli Defence Minister Ariel Sharon said the agreement failed to guarantee Israel's security or the creation of a free Lebanon. Page 4; Editorial comment, Page 12

Nicaragua appeal

After accusing the U.S. of making war by backing anti-Sandinist guerrillas, Nicaraguan Foreign Minister Miguel d'Escoto Brockman appealed in the United Nations Security Council in New York for immediate, unconditional peace talks with the Americans. Page 3

Sir James Goldsmith

Settlement was announced in the High Court in London yesterday of a libel action brought by Sir James Goldsmith against the Financial Times. Page 14

U.S aid man in jail

Dr Khairy Aref, a U.S. and Egyptian citizen, and director of a U.S. aid-funded fishfarm project near Nile delta city Zigazag, has been jailed, charged with bribing Egyptian Agriculture Ministry officials.

Stern sues reporter

West German magazine Stern is suing its reporter Gerd Heideman for fraud over the forged Hitler diaries he claimed to have found. The editorial staff said it was ashamed over the way the journal had handled the matter of the diaries.

Malnutrition report

United Nations survey to be published this week says that up to half a million children under the age of 14 are suffering from malnutrition in seven provinces of Kampuchea.

South African test

Three by-elections in Transvaal today will test the reform policies of Premier P. W. Botha's National Party Government. Page 4

Poland frees nine

Polish police freed nine associates of former Solidarity leader Lech Walesa who had been detained since Friday.

Opera singer defects

East German opera Singer Nannipa Peschke, on tour in Japan, defected, leaving on a flight to West Germany.

Briefly...

Kenya: President Daniel arap Moi accused unnamed foreign countries of plotting to overthrow him.

Israel's 1m schoolchildren had a day off when teachers struck over pay.

Gunpowder and fireworks exploded in a church at Santa Cruz de Tlapacoya, Mexico, killing 19 people and injuring at least 350.

Newport, Rhode Island: French sailor Philippe Jeantot won the BOC singlehanded round-the-world race in an unofficial 159 days 7 hr 26 min.

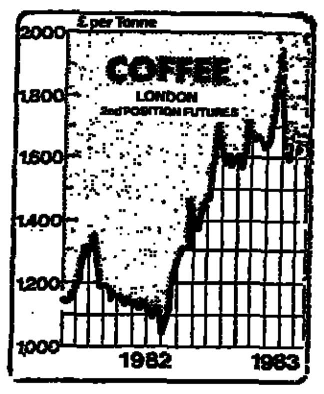
BUSINESS

Central bankers agree new code

● CENTRAL BANKERS, meeting in Basle, agreed on the text of a new concordat on banking supervision, emphasising parent companies' responsibilities for overseas subsidiaries and reporting procedures. The tightening of the rules was prompted by the failure of the former Italian Banco Ambrosiano.

● CHILE, which has $16.6bn foreign debts, asked the Bank for International Settlements for a $200m six-month bridging loan. Page 3

● GOLD rose $2.5 in London to close at $434.5. In Frankfurt it went up $2.75 to $434.25, and in Zurich it gained $3, at $434.5. In New York, the Comex May settlement was $441.6 ($437.2). Page 33



● COFFEE prices fell sharply on the London robusta futures market, with the July position £40 down at £1,613.5 ($2528.35) a tonne. Page 33

● STERLING fell 1.1 cents to $1.567, and to DM 3.8175 (from DM 3.855), FFr 11.5 (FFr 11.615), SwFr 3.195 (SwFr 3.2425) and Y364.75 (Y370.75). Its Bank of England trade-weighted index dropped from 84.7 to 84.2. In New York, it closed at $1.5655. Page 36

● DOLLAR also fell, to DM 2.435 (DM 2.4415), FFr 7.34 (FFr 7.36), SwFr 2.0375 (SwFr 2.053), and to Y232.65 (Y234.75). Its trade weighting fell from Friday's 122 to 121.7. In New York, it closed at DM 2.434; FFr 7.340; SwFr 2.0372; and Y232.45. Page 36

● LONDON: FT Industrial Ordinary index fell 4.2 to 690.2. Government securities dropped by an average of just under 0.5 per cent. Page 29. FT Share Information Service, Pages 34, 35

● WALL STREET: Dow Jones index closed 4.36 down at 1,228.23. Page 29. Full share listings, Pages 30–32

● TOKYO: Nikkei Dow index gained 31.11 at 8,719.88 and the Stock Exchange index closed 1.63 up at 637.88. Report, Page 29. Leading prices, other exchanges, Page 32

● CHEMICAL NEW YORK, parent company of the sixth largest bank in the U.S., yesterday announced plans for a public share offering totalling 2.75m shares, which at yesterday's share price would raise $145.75m.

● INDIA's bid for a five-year $2bn loan from the Asian Development Bank has run into trouble. Page 4

● EEC is urging member governments to overhaul tax systems to improve investment incentives and the flow of risk capital. Page 2

● HUNGARY has received another $100m bridging loan from the Bank of International Settlements. Page 2

● JERSEY is ready to pay for a 20 km power cable to France to buy cheap nuclear power from France instead of producing its own from diesel generators.

● FIAT, the motor group, is taking a dominant stake in Snia Viscosa, the textiles and defence equipment group, in a big shift of power in Italian private industry. Chemical group Montedison has sold its Snia holding. Page 15

Britain's general election to be held on June 9

Tories favoured as Thatcher ends uncertainty

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS Margaret Thatcher, the UK Prime Minister, yesterday ended more than a month of speculation by calling a general election on Thursday, June 9.

She will be seeking to become the first British premier for 24 years with a working parliamentary majority to win re-election. The Parliament has nearly a year of its maximum five-year life to run and Mrs Thatcher's announcement brought charges of a "cut and run" election from Mr Michael Foot, the Labour leader.

The Conservative Government has an overall majority of 36 seats in the 635-seat House of Commons. The second parliamentary chamber, the House of Lords, is not elected.

The Conservatives start the month-long election campaign with the largest and most consistent lead in the opinion polls for a generation. They are acknowledged to be favourites by most Members of Parliament, whose mood yesterday was a mixture of exhilaration and apprehension – depending on their prospects of being re-elected – but mainly of relief that the election speculation was ended.

It was unclear last night whether Mrs Thatcher would, as originally planned, attend the Williamsburg economic summit in the U.S. at the end of this month and the EEC Stuttgart summit just before polling day.

Mrs Thatcher said during a series of broadcast interviews that she had yet to decide who should represent Britain, as she would like to go herself. One possibility is that she may make a brief visit to the U.S. She is, however, unlikely to go to Stuttgart. Britain could be represented there by Mr Francis Pym, the Foreign Secretary.

Final drafting of party manifestos – statements of policy – and selection of the remaining candidates will be completed in the next few days. Necessary legislation, including an abbreviated Finance Bill, will be rushed through the Commons by Friday.

The Prime Minister was on the defensive yesterday about her decision in view of her earlier desire not to hold an early election. Mrs Thatcher said she had been "pestered and pestered" about the date since the start of the year. The uncertainty had become intolerable and contrary to the national interest.

Mrs Thatcher claimed: "Investment decisions were being held up since people did not know who would be the government in a year's time."

She said that, whatever happened, she would have faced accusations of dithering or clinging to office. She referred to her earlier remarks about not considering the election date until after she had been in office for four years, which was last week.

Mrs Thatcher said she had reached a provisional decision on Sunday evening after her meeting at Chequers, the Prime Minister's country house, with senior ministerial and political advisers. She took a final decision yesterday morning, before summoning a hurried Cabinet meeting, from which four senior ministers were absent.

The decision has to a considerable extent been forced on the Prime Minister by the pressures of the last month, to which she con-

Continued on Page 14

KEY DATES

May 13, Parliament will be dissolved. Parties will publish their manifestos by early next week and will then start to hold press conferences in the middle of the week.

May 23, closing date for nominations.

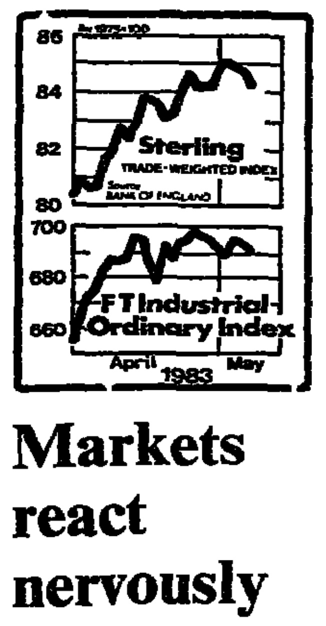
May 28–30, Williamsburg economic summit.

June 6–7, Stuttgart EEC summit.

June 9, polling day.

June 15, New Parliament summoned to elect the Speaker (president of the House of Commons who conducts its business but does not vote or take part in debates).

June 22, state opening by the Queen of the new Parliament.



Markets react nervously

By Jeremy Stone in London

LONDON'S financial markets reacted nervously to yesterday's announcement of the general election date. Although investors had been buying sterling and gilt-edged for several weeks on a growing belief that Mrs Margaret Thatcher would call, and win, a June election, the actual start of the campaign has made them rather less certain about the result.

The pound fell 1.1 cents in London to close at $1.567 and its effective rate, on the Bank of England's trade-weighted index, dropped half a point to 84.2 (1973=100). This was after the early news, that a pre-election Cabinet meeting was being held, had caused a brief rally to around $1.58.

Dealers said that this was the first time for weeks that the market had sat back to consider the possibility that Mrs Thatcher might lose. This made operators who had bought at rates between $1.47 and $1.57 over the last few weeks willing to take some profits.

Money Markets, Page 28; International markets, Page 29

Mitterrand in call for new Bretton Woods

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand has called for an international monetary conference to be held "at the highest level within the framework of the IMF" to lay the basis of a new international monetary system.

M Mitterrand made his proposal at a reception at the Elysee Palace for some 50 foreign, finance and trade ministers from industrialised nations attending the meeting of the Organisation for Economic Co-operation and Development (OECD), arguing for the urgent need to return to a stable system of fixed exchange rates, he said: "The time had come to think of a new Bretton Woods conference."

The president set out the French case for co-ordinated international economic growth and for greater intervention to ensure stability in the currency and commodity markets.

Ministers stood during the 45-minute speech which marked the attempt of France's socialist administration to put its own stamp on the preparations for the Williamsburg summit later this month.

M Mitterrand left little doubt that he would review France's continuing participation in the annual economic summit if little progress was made at Williamsburg over exchange rate intervention and the establishment of a more stable monetary system. Arguing that the study commissioned by the Versailles summit conference last year had shown the utility of intervention, M Mitterrand asked what was the point of repeated international meetings if their conclusions were not followed through.

Without naming the U.S. he took issue with President Reagan's Administration in calling for the removing of large budget deficits and the lowering of interest rates to promote economic recovery. M Mitterrand clearly intended that his remarks should eclipse the earlier discussions in which the U.S. had attempted to set the tone for the Williamsburg summit.

In that vein, Mr George Shultz, U.S. Secretary of State, sought to remove tensions over the East-West trade issue by declaring that any attempt at waging "economic warfare" against the Soviet Union was "futile".

Mr Shultz's remarks were seen as one of the most conciliatory statements on the issue to date by the U.S. Administration.

At the same time, Mr Donald Regan, U.S. Treasury Secretary, presented a five-point programme to deal with the trade and finance problems posed by the heavy indebtedness of developing countries.

For the U.S. these proposals provide a framework for discussion at Williamsburg.

Mr Regan had earlier called for industrialised countries to open their markets to Third World goods and for commercial banks to increase their lending to developing countries. He warned that more debt rescheduling and "possible unpleasant developments" could not be ruled out, and said that "commercial banking institutions must be aware of the dangers to them and to the world financial system should they attempt to reduce exposure during the adjustment process currently underway."

Mr Shultz's moderately phrased speech was taken by other Western nations to signal that the U.S. – in sharp contrast to the Administration's militant stance a year ago – had no wish to make East-West relations an issue of dispute at Williamsburg.

Mr Shultz praised the recent OECD study on East-West trade, which shows that over the last 10 years the Eastern bloc has borrowed some $90bn from the West but not increased its technological or exporting capacity. The study points out that East Europe's share of Western markets has been falling and that the Eastern bloc cannot even earn foreign exchange sufficient to service existing debt.

Mr Shultz's particular demands could, however, still pose problems for some Western nations. He called on them:

● Not to subsidise exports to the Soviet Union;

● To lend only on the same "commercial and financial criteria that we would apply to any other business venture";

● To prevent Communist state trading corporations obtaining special advantages such as preferential credits or buy-back arrangements;

● And to be careful of the growth of barter trade.

On this latter point he said: "We have to keep in our minds the fact that the goods that we obtain (from the Eastern bloc) have no intellectual content in them, while the goods that we send contain a large amount of our intellectual capital."

Mr Regan's proposals contained the seeds of dispute with other industrialised and notably European countries. Elaborating on them at a press conference, he called for agreement on both opening up markets and removing subsidies in such sectors as steel, chemicals, machine tools and glass.

Prospects for EEC summit threatened

BY JOHN WYLES IN BRUSSELS

THE BRITISH Prime Minister's choice of general election date threatens to cause considerable turmoil in the European Community. It could destroy the slender prospects for success of the EEC summit in Stuttgart on June 6 and 7.

The announcement from London yesterday found the community institutions on a day off, in celebration of the birth date of one of the EEC's founding fathers, Robert Schuman. But diplomats and officials immediately highlighted three anxieties:

● There could be very awkward negotiations over the size of the rebate on Britain's anticipated £1.2bn ($1.88bn) payments to the Brussels budget this year.

Mrs Margaret Thatcher believes that she has a promise from her partners to deliver an agreed rebate by the Stuttgart summit.

Her Foreign Secretary, Mr Francis Pym, will open negotiations on the issue at an informal meeting of EEC foreign ministers at Schloss Gymnich near Bonn this weekend.

The Labour Party is bound to seize on these negotiations for any ammunition which could support its policy of withdrawal from the EEC. This should strengthen Mr Pym's negotiating hand. Every other EEC government regards with dread the possibility of negotiating Britain's withdrawal. As a result several may be more flexible on the rebate issue than thed had planned.

The issue will be the source of embarrassing headlines for the UK Government later this week when the European Commission tables a draft 1984 EEC budget, which will have no apparent funds to pay the British rebate in the first quarter of next year. The money will have to be found by member governments trimming other spending plans, affecting social and regional policies

● The achievements of the Stuttgart summit – billed in advance as one of the most important meetings for many years – may be severely limited if Mrs Thatcher does not attend.

● A tough British line against increasing EEC farm prices may put an agreement even further out of reach of ministerial negotiations, which resume in Brussels next Monday.

Party machine tune up, Page 5; Labour wants tax concessions put on ice, Page 14; Lex, Page 14; Editorial Comment, Page 12

Investors' group in $265m cash and stock bid for Kaiser Steel

BY PAUL TAYLOR IN NEW YORK

A WALL STREET investment group led by Mr Irwin Jacobs yesterday launched a full bid for Kaiser Steel, the ninth largest U.S. steelmaker. The three-part cash and stock offer is worth at least $265.3m.

A bid from the Jacobs group had been widely expected since it increased its stake in the steelmaker to 16.3 per cent, or 1.185m, of Kaiser's outstanding 7.27m shares, in February.

In March, Kaiser announced that it was postponing its annual meeting until June to explore the possibility of a Jacobs group bid. At that time, Mr Stephen Girard, Kaiser's chairman, said the company would be "delighted to support an acquisition by the Jacobs group on terms that are fair and beneficial to the other stockholders."

Under the proposed offer, which is subject to several conditions, including Kaiser board approval at a meeting tomorrow, the Jacobs group would pay $19 in cash for each of the 6.08m shares in Kaiser which they do not already own. The cash section of the transaction is, therefore, worth about $115.6m.

The group would also exchange each outstanding Kaiser share for one share of a newly created non-convertible preferred stock which would carry a cumulative annual dividend of $2.80 a share, payable quarterly.

The company would have the option to redeem the preferred stock at a price of $23 a share for the first two years, increasing by $1 a share to a maximum of $28 a share. At $23 a share, that section of the deal would be worth a total of $139.9m.

Under a third stage of the proposed deal, Kaiser Steel would be merged with a new company formed by the Jacobs group, and Kaiser Steel's existing 393,675 $1.46 preferred stock would be redeemed for cash at $25 a share.

The total value of the offer was less than some Wall Street investors had expected. Wall Street had bid the price of Kaiser's stock up by more than 100 per cent in the past six months, mainly as a result of speculation about a bid. Yesterday, Kaiser's shares fell by $1⅜ to $36¾ a share after the announcement.

Kaiser reported net earnings of $2.665m, or 29 cents a share, last year despite a $125m loss from its steel manufacturing group. In the latest quarter, it reported a net loss of $9.9m, or $1.38 a share, on net sales of $134.4m compared with restated earnings of $15.9m, or $2.16 a share, on sales of $217.8m in the 1982 quarter.

Kaiser has made little secret of its concern about the plight of its steel division. Earlier this year, the company said it was considering alternatives to continuing the business "in its present form" and in March the company said it would close its Fontana steelmaking plant in southern California unless a buyer or partner could be found.

The company, which employs 53,000 workers, also has large fabricated product and coal divisions. All three divisions reported losses in the latest quarter.

The particular attraction of the group to Mr Jacobs's group, however, appears to be the fact that the company is rich in cash and assets despite the steel losses. At the end of last year, Kaiser had cash balances of $294.1m.

CONTENTS

TWO-WAY STREET WITH U.S. IN WEAPONS TRADE 'A FAILURE'

European call to arms co-operation

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

EUROPE STANDS very little chance of increasing its share of the arms it supplies for Western defence if it relies solely on government schemes to correct the imbalance in trans-Atlantic defence trade, currently 10 : 1 in the U.S. favour.

This is the view of Sig Giovanni Agnelli, president of Fiat, who told a conference of military experts at Mons in Belgium last week that the "time of trans-Atlantic illusion is over." Efforts by the U.S. and European governments to encourage a genuine two-way street in defence trade has largely failed, he said, as had the concept that "families" of weapons could be developed through U.S. and European industrial collaboration.

Many of the government-backed ideas were good but unrealistic, and had fallen prey to political changes, especially in Washington, Sig Agnelli said. Europe would not be able to compete equally with the U.S. until the nations in the European Community agreed to co-ordinate their defence policies.

Meanwhile, European industry was better placed to correct the imbalance than were the "grand designs" of governments, Sig Agnelli said.

"European defence producers have mostly been more aggressive, more willing to co-operate and more forward looking than their government and defence officials."

In spite of many politically oriented mergers, a European defence industry structure had emerged since the 1950s which was better concentrated, more modern and better capitalised than ever before, he said.

A particularly fruitful avenue for co-operation was when a "family of companies" came together. Examples of such "happy and healthy" families were the Franco-German SNIAS-MBB partnership on the Roland anti-aircraft system, the Franco-Italian Oto-Melara-Matra work on the Otomat anti-ship missile, and the three-nation Panavia Tornado aircraft.

Sig Agnelli cautioned governments against setting up more standing groups and committees or providing more information in which industry was in danger of drowning. Industry needed to be market-oriented. It could and should co-operate on the "right weapons systems at the right time with the right expertise to the advantage of Europe as a whole."

The Fiat president was speaking at the biennial Shapex conference, hosted this year by General Bernard Rogers, Supreme Allied Commander of Nato forces in Europe, at Shape, the alliances military headquarters. It was attended by senior serving officers, including a bevy of national chiefs of defence staff and Nato commanders, and other military experts.

In his keynote speech on making more effective use of defence investments, Sig Agnelli warned against unrealistic European expectations. Europe's arms industry had been built in the 1950s on massive technology transfer from the U.S. and had been modernised under the protection of the U.S. nuclear umbrella.

Danger of oil curb on growth foreseen

By Paul Betts in Paris

THE INTERNATIONAL oil market is expected to start tightening in 1987 and risks becoming a constraint to economic growth again after 1990. Dr Ulf Lantzke, executive director of the International Energy Agency (IEA)), warned yesterday.

The warning came at the end of the IEA's ministerial meeting marked by a high degree of harmony between the 21 member countries. A consensus was reached on the vexed problem of European natural gas imports.

Dr Lantzke said the oil market was expected to be relatively soft over the next 3-4 years with a "cushion" of about 8m barrels a day between production and demand.

He suggested that this cushion could accommodate the energy needs of the economic recovery in industrialised countries.

"What happens after 1990 is to a large extent in the hands of industrialised countries," he warned, forecasting a gradual tightening in the market between 1987-1990 with a so-called "tight balance," whereby production capacity would be in line with demand, re-emerging in 1990.

However, if necessary investments were made to restructure and improve the energy problems of the various countries, energy need not be an economic constraint in the next decade. But if these investments were not made, "we might again have in the 1990s an economic constraint due to energy."

Dr Lantzke said he had been pleased that all ministers at the meeting had agreed to make these investments despite the soft market.

The final communique also confirmed the consensus reached on the thorny issue of natural gas imports, especially from the Soviet Union.

Mr Donald Hodel, the U.S. Energy Secretary, claimed that his country was satisfied with the outcome of the debate on the security of natural gas supplies. He acknowledged that the U.S. had dropped earlier proposals to quantify the supply security limit from one single source.

The U.S. had wanted to include a recommendation that no country should rely on a single country for more than 30 per cent of its annual energy needs. This was aimed largely at France and West Germany which will be importing substantially larger quantities of Soviet gas when the Siberian pipeline comes on stream next year.

However, Mr Hodel claimed the U.S. was pleased with the compromise wording in the communique which refers to the issue in far vaguer terms. For example, it says that OECD countries "would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure sources, with the emphasis on indigenous OECD sources."

He also said he supported strongly the Spanish proposal for a gas pipeline from West Africa to Europe, although Count Otto Lambsdorff, the West German Economics Minister, cast doubts on the economic viability of the $10bn project at this time.

The communique also reaffirmed the commitment to nuclear energy as an important component to long-term energy security. It called, too, for further expansion of production, use and trade of coal and other solid fuels.

Troll gas field

Part of Norway's Troll oil and gas field may be declared commercial by 1984, the International Energy Agency said in a statement after a one day ministerial meeting, *Reuter reports from Paris.* The large field was found in block 31/2 in November 1979. The Norwegian Petroleum Directorate has forecast recoverable reserves in the field of 1,580bn cu metres of gas and 165m of oil.

Commission urges tax boost for investment

BY JOHN WYLES IN BRUSSELS

THE European Commission is urging EEC governments to overhaul their tax systems to improve investment incentives and the flow of risk capital.

Since November, the Community has made revival of productive investment an economic priority. After studying the impact of tax and financing measures in the Ten, the Commission has found a patchwork of practices which require significant reform, particularly in Ireland, Italy and Greece.

It urges maximum efforts to encourage the self-financing investment capacities of enterprises by ensuring that depreciation allowances allow for the effects of inflation.

General tax incentives, says the Commission, are an advantage for profit-making companies but some countries need to do more to encourage risk-taking. Here, changes in the rules to allow for carry-forward and carry-back of losses for tax purposes could have a favourable effect. As a minimum, member states are advised to allow the possibility of carrying losses back over the two previous financial years and of carrying them forward indefinitely.

More generally, governments should try to decrease tax burdens which are not linked to profits. In particular, they are reminded of the need to prevent local authorities from trying to solve their financing problems at the expense of the productive sector.

Greater efforts are also needed to channel savings into investment by improving the operations of the capital markets. As guidelines, the Commission says that governments must aim for greater transparency of company accounts, improved access to risk capital, a reduction in the double taxation of dividends and the provision of better access to risk capital.

The wide variety of existing taxation policies of company profits and dividends has been illustrated by the Commission in the accompanying table.

CORPORATION TAX, TAX CREDIT AND WITHHOLDING TAX

	Rate of corporation tax	Rate of tax credit a) as % of the gross dividend b) as % of corporation tax	Withholding tax on dividends (subject to provisions of double taxation conventions)
Belgium	45% (profits in excess of BFr 14,400,000)* (special solidarity fund surcharge)	a) 40.7% of dividend b) 49.8% of tax	20%
Denmark	40%	a) 25% of dividend b) 37.5% of tax	30%
W. Germany	56%: undistributed profits 36%: distributed profits	a) 9/16 of dividend b) 100% of tax on distributed profits	25%
France	50%	a) 50% of dividend b) 50% of tax	0% (residents) 25% (non-residents)
Greece	45%: corporation tax on undistributed profits 15%: surcharge† Actual overall rate: 48.5%	No tax credit but dividends are deductable from profits	42% and 47% for registered shares; 45% and 53% for bearer shares
Ireland	50% (profits in excess of I£35,000)*	a) 30/70 of dividend b) 42.9% of tax	No withholding tax
Italy	30%: corporation tax Actual overall rate: 41.3%	a) 33.3%* of dividend b) 77.7% of corporation tax (47.2% of total of two taxes)	10% (residents) 30% (non-residents)
Luxembourg	40% (profits in excess of LFr 1,312,000)* (special employment fund surcharge)	No tax credit	15% (no withholding tax on dividends distributed by Luxembourg holding companies)
Netherlands	48% (profits in excess of Fl 40,000)*	No tax credit	25%
Britain	52% (profits in excess of £225,000)*	a) 3/7 of dividend b) 39.6% of tax	No withholding tax
United States	from 15%‡ to 46%	—	—
Japan	40%: undistributed profits 30%. distributed profis	10%	20%

* Lower rates apply to profits below this level. Ireland, manufacturing industry: 10% (temporary).
† Deductible against income chargeable to corporation tax.
‡ For the first $25,000 slice (from 1983).

China lends Yugoslavia $120m on eve of Hu visit to Belgrade

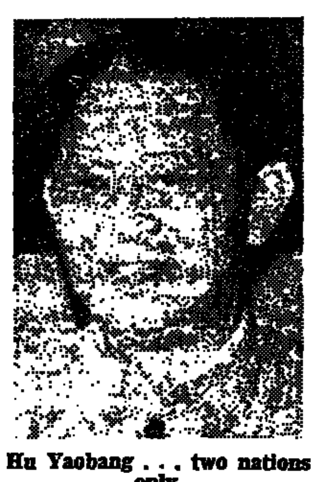
BY ALEKSANDER LEBL IN BELGRADE AND DAVID BUCHAN IN IN LONDON

CHINA HAS taken the unusual step of making Yugoslavia a short-term hard currency loan of $120m, thereby helping pave the way for a cordial reception in Belgrade today of Hu Yaobang, its top party leader, on the second leg of his East European tour.

Hu's first trip abroad in his new capacity as general secretary of the Chinese Communist Party is clearly designed to reward non-aligned Yugoslavia and maverick Romania for maintaining friendly ties with Peking, even during the worst of Sino-Soviet hostilities. It also seems aimed at sounding out reaction to current reconcilation moves between China and the Soviet Union.

The Chinese official is confining his trip to Yugoslavia and Romania, where he held weekend talks with President Nicolae Ceausescu. But senior members of his entourage are due to go on to the other five East European countries that are close allies of Moscow.

China has now joined 15 Nato and neutral governments in the West, as well as Kuwait, in giving Yugoslavia financial loans and trade credit extensions worth $1.3bn to help it overcome its debt servicing crisis. Peking, like the rest, apparently judges Yugoslavia to be a valuable buffer between Nato and the Warsaw Pact.



Hu Yaobang . . . two nations only.

Unlike the Western countries, whose aid to Yugoslavia is in the form of government agreements, the Chinese loan is a short-term deposit with the Yugoslav national bank.

This move follows on a trade protocol signed by Mr Mijat Sukovic, the Yugoslav Vice-Premier, in Peking in March. This calls for a substantial increase in two-way trade, from only $50m last year to a surprising $1.2bn in 1984. Yugoslavia has also agreed to reconstruct Chinese factories in Tientsin, in return for oil which China is owed in barter deals from the Middle East and Africa.

Cutting Yugoslavia's oil import bill settled in hard currency is a Government priority. On his trip to Belgrade in March, Mr Nikolai Tikhonov, the Soviet Prime Minister, promised a 20 per cent increase this year in Soviet oil shipments under the bilateral clearing arrangement between the two countries.

In fanning out across Eastern Europe, Chinese officials are also giving their version of remaining obstacles to Sino-Soviet rapprochement. At a Bucharest dinner in his honour late last week, Hu made only an oblique reference to past hostilities with the Soviet Union by thanking Romania for invaluable support in China's defence of "just norms of international relations and of relations between Communist parties."

In an interview with Tanjug, the Yugoslav news agency, however, Hu said that Indochina, where Moscow and Peking are backing rival claimants for power in Kampuchea, was "obviously" the main obstacle. He also criticised the "military occupation of one socialist country by another," an apparent reference to the Red Army's presence in Afghanistan.

Ex-minister hits out at Mitterrand

By Paul Betts in Paris

AFTER A brief absence from the spotlight, M Jean Pierre Chevenement, the former French Industry Minister and leader of the far-left Ceres faction in the French Socialist Party, returned to the forefront of the political stage yesterday.

In a front-page article in "Le Monde," the influential French evening newspaper, M Chevenement sharply criticised the Government and President Francois Mitterrand's policies.

In so doing, M Chevenement, who resigned earlier this year after M Mitterrand sided against him with the chiefs of the nationalised industries, opened his campaign for the Socialist Party congress next autumn.

His action comes against a backdrop of increasingly sharp differences in the party. Indeed, President Mitterrand's supporters met at the weekend to try to bridge their own differences and form a united front against rival factions before the congress.

At the same time, M Edmond Maire, head of the pro-Socialist CFDT labour confederation, also criticised the Government yesterday for failing to consult, among other things, the labour movement in key decisions.

M Chevenement accused the Government of giving the impression of oscillating from wishful thinking to a state of resignation. The Government at one moment deluded itself that once a major hurdle was overcome all economic difficulties would disappear, and later resigned itself "to the old forumlae of monetarism."

It was wron gto believe that the current crisis forced France to adopt the old monetarist cure, he said.

"It is not true that France has no other alternatives than to place its policies under the control of the IMF or to let unemployment grow. It is our rivals who want to put us into this dilemma," he wrote.

He also said that while it was unfashionable to talk about grand political designs and ideals, these were exactly what the young wanted. The Government must show it was capable of responding to the challenges of its times.

There have been efforts by the Mitterrand faction to work towards as common a policy document as possible at the congress in order to win the largest measure of support. But, by his tone yesterday, M Chevenement's Ceres faction is unlikely to be very accommodating.

Dutch offshore field

CONOCO's Dutch subsidiary, Continental Netherlands Oil, will go ahead with oil production at the Kotter field on the Dutch continental shelf, Reuter reports from Amsterdam. Total investment in the Kotter field is put at more than Fl 650m

Hungary loaned $100m by BIS

BY MARGARET HUGHES IN BASLE

HUNGARY HAS received another $100m bridging loan from the Bank for International Settlements. It was finalised at the end of last month, European monetary officials attending the monthly BIS meeting in Basle confirmed yesterday.

Budapest requested the loan to meet a liquidity shortfall ahead of its next draw-down on the $596m credit from the International Monetary Fund at the end of June. Swiss and Austrian central banks have put up 40 per cent of the BIS loan.

Last year the BIS granted Hungary two bridging loans totalling $510m, the second of which, worth $300m, was repaid last month on schedule.

The decision to grant another was a surprise since the BIS indicated in January that its $500m bridging loan to Yugoslavia would be the last such loan. Central bank officials say the facility was granted because it will only be for some eight weeks and will be repaid by the IMF.

Yugoslavia, meanwhile, received $300m of its bridging facility in April. The other $200m is being held up because of problems with collateral as the BIS requires that this tranche be secured by Yugoslavia's gold reserves. The delay is due to the failure of a Kuwaiti group of banks to waive a clause in a 1980 loan agreement which forbids Yugoslavia giving better collateral to any other lender.

Four other bank syndicates with loans outstanding to Yugoslavia have already sent waivers to the BIS. The first tranche of the Yugoslav bridging loan was under central bank guarantees.

One of the main topics at this month's BIS meeting was the revision of the Basle concordat on banking supervision. This was drawn up in 1975 in the wake of the Herstatt Bank collapse. Under review is the division of responsibility of central banks in relation to solvency and liquidity.

The need to revise the concordat arises from last year's controversy involving a Luxembourg subsidiary of the Milan-based Banco Ambrosiano which was allowed to default on loans made to it by several international banks.

Germans harden view on Nazis

BY JONATHAN CARR IN BONN

THE NUMBER of West Germans who think Nazi war criminals should still be tracked down and prosecuted is higher than in the late 1970s, and now amounts to more than half the population.

This at first sight surprising result emerges from a survey carried out by the respected Allensbach opinion research institute.

Asked whether Nazi criminals should be hunted "nearly 40 years after war's end," 55 per cent thought they should and 31 per cent that they should not. When Allensbach put the question four years ago only 40 per cent favoured further efforts and 47 per cent said it was time to draw a line under the past.

Particularly noteworthy this time is that the youngest group questioned (those under 30) also has the highest proportion (59 per cent) of those demanding old Nazis be brought to justice. Just under 50 per cent of those aged 60 or more advocate the same.

Allensbach suggests that the publicity given earlier this year to the capture of Klaus Barbie, the former Gestapo chief of Lyons, may have stimulated public interest in the whole question.

Oslo Government promises to lower interest rates

BY FAY GJESTER IN OSLO

NORWAY'S minority Conservative Government has promised action to bring down interest rates by an undisclosed amount —probably by around one percentage point.

The promise, which is a reluctant concession to prolonged pressure from its parliamentary allies, the small Christian Democrat and Centre parties, was made in the revised national budget for 1983, tabled at the weekend. The budget also increases—from NKr 12.5bn (£1.12bn) to UKr 14bn—the 1983 lending ceilings for the private banking sector.

The document, which updates budget estimates and other economic forecasts made late last year, contains both good and bad news. It says demand for Norwegian-made goods—both on export markets and at home, in competition with imports—appears to be rising faster than expected, and predicts that the trend will be particularly marked in the second half of the year. It attributes this to an improvement in Norwegian competitiveness (the result of last autumn's krone devaluation, and recent slower growth in costs)

Non oil-related imports previously forecast to rise by about 2 per cent from 1982-83, are now expected to be unchanged this year, and the forecast surplus on the balance of trade in goods and services has been revised upwards by about NKr 5bn to NKr 14-8bn ($2bn).

The annual inflation rate is expected to be only 9.5 per cent, compared with around 11.5 per cent last year.

The bad news is that the 1983 state budget seems to have drastically over-estimated revenues, while having only slightly over-estimated expenditure. The revised budget cuts the former by NKr 3.6bn, while the latter is down by just NKr 700m. This pushes the expected "non oil deficit" (discounting oil revenues, and before loan transactions) up by NKr 2bn to an inflationary NKr 22.8bn, corresponding to 7.2 per cent of the gross national product, excluding oil and shipping.

In a comment on the new figures, the Norwegian Association of Commercial Banks deplores the significant weakening of fiscal policy which they herald, and warns that "in the somewhat longer term it will be impossible to combine such an expansive fiscal policy with lower interest rates," while at the same time holding down inflation.

Foreign bank ban relaxed

BY OUR OSLO CORRESPONDENT

A RELAXATION of a ban on foreign banks was announced in Norway's revised national budget, tabled at the weekend.

Following the report of a civil service working group late last year, the Government proposes to allow "a small number" of foreign banks and financial institutions to establish susbidiaries in Norway. The foreign subsidiaries must be organised as Norwegian joint stock companies and must comply with the same rules as Norwegian banks. Initially, there may be restrictions on the number of branches each is allowed to open in Norway.

The Government says that a relaxation of the ban could benefit some sectors of business and industry by promoting keener competition within the banking sector. It believes Norwegian banks are well placed to meet such competition.

Publisher jailed in Turkey

By David Tonge

AN ISTANBUL military court yesterday sentenced Mr Nadir Nadi, the 75-year-old publisher of the Turkish newspaper Cumhuriyet and doyen of Turkey's journalists, to two months and 20 days in prison for "provoking the public to violate laws."

After a prosecution which sets down a clear marker about what political activities the ruling generals will tolerate as Turkey prepares for a general election in November, Mr Nadi was sentenced for reprinting an editorial first written in 1961.

The editorial was a vigorous defence of the provisions of the will of Kemal Ataturk, founder of the republic and mentor of the generals ruling Turkey. The generals have just changed provisions of Ataturk's will benefiting the now-banned Republican People's Party.

Mr Nadi's characteristically forceful editorial drew on Ataturk's speech proclaiming that Turkish youth should be

Mr Nadir Nadi: reprinted editorial of 1961.

ready to take to arms to save the republic if, as Mr Nadi put it, "reactionary forces" appear aiming to topple it and normal legal procedures are shaken.

To today's generals, remembering the role youth played in the violence plaguing Turkey before the coup, this was unacceptable. Mr Nadi's defence was that he was trying to protect the rule of law.

The decision, which comes one week before Turkey's political parties are allowed to register for the first time since the 1980 coup, is a shot across the bows for the country's would-be politicians as they begin to jostle for power.

Under martial law regulations, Mr Nadi, who is recovering from a stomach operation, cannot appeal against the sentence.

Ireland turns to home-grown industry for export growth

BY BRENDAN KEENAN IN DUBLIN

THE IRISH economy has a tendency to throw up startling statistics. One is that Ireland's per capita foreign debt is bigger than Poland's. Another is that the Irish export more than twice as much per head as the Japanese and a third that output per worker has grown faster than in West Germany. In the best Irish tradition, these figures are not always what they seem.

Many of them can be explained by the relatively undeveloped state of the Irish economy—particularly the rapid growth in exports. Exports now account for almost 50 per cent of Gross Domestic Product, making the Republic one of the most export-dependent countries in the world.

Even so, Ireland has run massive balance of payments deficits in recent years, although this year's figure should be down to 5 per cent of GNP, compared with the giddy 14 per cent suffered two years ago.

It is clear that the country will have to export even more if it is to get out of its economic difficulties and that Irish-owned companies in particular will have to perform better. They can expect little growth in the home market as Government policies are concentrated on reducing public borrowing.

Export-led growth provides the only hope of absorbing the growing labour force, expected to increase by almost 2 per cent per annum during the 1980s. Ireland must continue to earn foreign currency to service its foreign debt which, at I£5bn (£4.1bn) is equivalent to one year's total export sales

The need for growth in exports comes at a time when the prospects for improvement are poorer than at any time since the mid-1970s. Nearly all the growth in the past has come from foreign firms attracted to Ireland by the incentive package of the Industrial Development Authority (IDA).

The electronics industry alone has increased exports from almost nothing 10 years ago to over I£1bn last year, but the recession and increased competition for investment means that fewer new projects are likely to be located in Ireland over the next two years.

The Irish will have to look to home-grown industry to provide an increasing share of export growth, but the Confederation of Irish Industry has warned that Irish firms are losing market share, particularly in Britain.

Mr Sean Condon, chief executive of the Irish export board, CTT, is worried by this trend, not only because the UK is Ireland's biggest customer, but because it is the only country with which Ireland has a substantial trading deficit.

This amounted to I£1bn last year, about the same as the entire balance of payments deficit. "The UK is a critical market," says Mr Condon, "and it is one of the few which will grow this year."

CTT has just received a study commissioned from PA Management Consultants, which suggests that there are opportunities for greatly-increased exports to Britain, in areas such as packaged foods, mechanical engineering, plastics and quality clothing.

The report suggests that companies should concentrate on specific geographical areas, for instance the Midlands, rather than trying to sell to the whole UK market. It also argues that many companies which do not export at present could do so successfully.

CTT is to continue with its programme of bringing buyers to Ireland to meet potential suppliers. This week 70 British buyers arrive in Cork, part of a total of 3,000 expected to come under the scheme this year.

CTT's latest projection suggests that Irish exports will grow by 7 per cent in volume this year and the need to maintain, and even increase, this rate of growth has focused attention on the exchange rate of the Irish punt.

The decision this spring to devalue by over 3 per cent within the European Monetary System was taken with the country's competitive position specifically in mind. Some recent internal Government studies suggest that the exchange rate is not seriously out of line.

When exchange rate movements were plotted against rises in average hourly earnings, the results showed quite large swings, but little overall change since 1981 in the competitive position. Exporter's margins have been squeezed however because other costs have been rising faster in Ireland than in competitor countries.

Not only will this have to change but Irish industry will have to be strengthened in key areas where it is weak, such as marketing, planning and design.

Scarce talent will have to be pooled, or directed towards key sectors, but Irish industrialists are worried that talent may become even scarcer because of high marginal tax rates.

One calculation suggests that an executive earning £20,000 per annum in the UK would need £32,000 per annum in Ireland to have the same take-home pay. Some firms are reported to have done "off-shore" deals with key managers to persuade them to work in Ireland.

In the key electronics industry, Mr Bill Chambers, president of the industry's trade association, says there is a real risk of a "brain drain" out of the country. "We need skilled people who will pass on their knowledge to Irish employees," he says, "but the level of taxation makes it impossible to attract them."

Mr Liam Connellan, director general of the Confederation of Irish Industry, says: "It will make it very difficult if these high tax rates continue indefinitely. Our argument to the Government is that they must solve their problems by cutting spending, rather than increasing personal taxation."

The six-month-old coalition Government of Dr Garret FitzGerald has the unenviable task of trying to maintain economic growth while eliminating a government budget deficit which last year was 8.5 per cent of GNP. Unless it can encourage an early and sustained growth in exports, the task is likely to prove impossible.

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AMERICAN NEWS

Bank nationalisation plan to be debated in Brazil tomorrow

BY ANDREW WHITLEY IN RIO DE JANEIRO

A PRIVATELY-SPONSORED Bill to nationalise all locally and foreign-owned banks in Brazil is to be debated in the Chamber of Deputies, the lower House of the Federal Congress in Brasilia tomorrow.

The proposal, initiated by a senior member of the Government party, has provoked a cascade of official denials of Government support and a strong reaction from all sides of the powerful business and banking community.

Despite strenuous denials by President Joao Figueiredo's Government of involvement, the feeling here is that the nationalisation proposal is an idea floated by Sr Antonio Delfim Netto, the Planning Minister—a thinly-veiled threat to the private banks, aimed principally at forcing down Brazil's sky-high interest rates.

The author of the Bill, Sr Nilson Gibson, who is deputy leader of the officially-backed Partido Democratico Social in the Chamber of Deputies, claimed last Friday that the proposal had originated with Sr Delfim and had the tacit backing of the Presidency.

"This is all a big muddle," the Planning Minister replied, adding that "the party and the Government will work against the project" when it is debated.

The Chamber of Deputies, in which the Government is in a minority, is due to vote on the Bill tomorrow. In the past, a number of Opposition deputies have come out in favour of nationalisation of the banks, but there is no consensus on the subject.

Predictably, the idea has set the alarm bells ringing at a time of growing fears that the external recovery programme, agreed with the International Monetary Fund and Brazil's foreign bank creditors in February, may not hold up for much longer

Sr Roberto Bohnhausen, President of the National Federation of Banks, presented the alternatives in stark terms. At stake was the Brazilian people's way of life, he warned, with the choice falling between free enterprise and democracy, on the one hand, and state capitalism or socialism, on the other.

A stream of bankers made their way to Brasilia at the end of last week to lobby energetically against the proposal. The nationalisation Bill has also shocked the large foreign banking community in Rio de Janeiro and Sao Paolo. "We could be heading down the same road as Mexico," one worried U.S. banker said last week.

Chile asks BIS for $200m bridging loan

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

CHILE, which is struggling with a $16.8bn foreign debt burden, yesterday asked the Basle-based Bank for International Settlements (BIS) for a $200m six-month bridging loan as part of its planned $500m interim loan package designed to tide the country over its present difficulties.

Chile's 12 advisor banks are expected to provide up to $15m each for a total of $180m of six-month bridging loans. The U.S. Government is also being asked to supply Chile with around $100m of bridging loans.

The International Monetary Fund is to ask its executive board in June to waive some of the conditionality terms related to the more than $900m of funds it has agreed to provide. This is because Chile, with around $2bn of foreign exchange, gold and interbank lines, is several hundred million dollars behind its IMF-agreed targets for international reserves.

At a meeting of about 80 of Chile's creditor banks in London yesterday, Mr William Dale, deputy managing director of the IMF, urged banks to back Chile. The country is rescheduling $3.4bn of debt which matures this year and next and is also asking banks for $1.3bn of new loans.

Venezuelan oil industry 'unable to pay taxes'

By Kim Fuad in Caracas

THE Venezuelan state oil industry, which provides the Government with most of its income, will not be able to pay all its taxes next year, according to a forecast drafted by industry planners.

Petroleos de Venezuela (PDVSA), the state oil monopoly, will have available only about a third of the estimated $700m in tax payments falling due next January, the forecast warns.

To avert the shortfall, PDVSA is now negotiating with the Government to redeem part of the $1.7bn it was obliged to place in public debt bonds last year.

PDVSA's cash flow problems are the result of adverse world oil market conditions and Government raiding of its reserve funds.

Anticipated 1983 exports of $16.2bn were downgraded by $2.8bn in March, when Opec reduced prices and production. Venezuela had to lower exports to 1.4m barrels a day while average prices fell by $2.50 to $25.17 per barrel.

Last September, the Government stripped PDVSA of around $6bn in offshore financial reserves. Shortly afterwards, these funds, which had been transferred to PDVSA's account in bolivars in the Central Bank, were tapped to purchase the public debt bonds maturing in two to four years.

Redemption of these bonds is viewed as the most practical way of covering the forecasted year-end shortfall. But, according to high-level official sources, negotiations are not going well. In response to a PDVSA request to redeem $700m in bonds, the Government first countered with $500m and then trimmed this down to about $220m.

Other alternatives for increasing oil industry income, such as boosting exports, increasing domestic fuel prices or seeking a reduction in current tax rates of around 90 per cent, do not appear possible. Opec commitments limit exports to the volumes available after domestic consumption of around 400,000 b/d is subtracted from its production quota of 1.75m b/d.

An increase in domestic fuel prices, now subsidised at a cost of around $500m per year for the industry, is politically unpalatable in an electoral year

Jimmy Burns in Buenos Aires on the campaign over the 'disappeared'

Argentine parents demand the truth

IF THE ARGENTINE armed forces thought they could bury once and for all the issue of human rights by publishing their extensive "official" document explaining their actions both before and after the 1976 military coup, they could not have been proved more wrong. In the two weeks since the document was published, the country's military regime has been subjected to a barrage of worldwide abuse reminiscent of the bad old days of the Videla's President Jorge administration from 1976-1981 when U.S. President Jimmy Carter's human rights stand combined with the United Nations and the Organisation of American States to leave Argentina as isolated internationally as Idi Amin in Uganda.

The most immediate and most outspoken blast came last week from Italy's President Sig Sandro Pertini. He sent a telegram to the Argentine authorities describing the junta's document as "blood chilling and beyond human civility."

Sr Juan Aguirre Lanari, Argentine Foreign Minister, dismissed it all as an international conspiracy aimed at discrediting Argentina. But this ignored the domestic reaction to the document which in its scope and scale had few precedents. All the major political parties, the unions, and the bulk of the bishops were openly critical.

Argentina's military rulers had hoped that an official explanation of the recent past would defuse the human rights campaign that has been growing as a result of the post-Falklands liberalisation. In practice the document has insulted rather than satisfied, confused rather than resolved, the question of human rights, Argentina's most sensitive political issue.

The document was read out for 45 minutes and accompanied by an expensively made documentary at prime time TV. But in spite of the elaborate presentation, it left most viewers with the conviction that the official position had varied very little from the statements issued by military officers over the past seven years.

The main departure was the unequivocal statement that thousands of people who went missing were now dead and that the bulk of the victims were guerrillas killed in open combat with the armed forces.

Other "innovations," included the admission that some "excesses" were committed and that there are a number (not specified) of officers in military jails for human rights abuses. The document also explicitly claimed that the dead had been killed by officers on active duty and under orders from the former junta

The military view is that the document was formulated in a spirit of reconciliation so that the country can move towards the future. The critics believe the document to be at best an understatement, at worse a gross distortion

that there are over 6,000 well documented cases of individual Argentines who were picked up from their homes, from the streets or from their places of work and then taken to military camps or clandestine prisons to be tortured before subsequently disappearing.

The short paragraph admitting that there "may have been a few excesses" falls short of the picture gathered from military and civilian eye witnesses of what happened to the bulk of those once they had been detained.

There is evidence suggesting that thousands now officially classed as "dead" were summarily executed before being incinerated, reduced by chemicals, buried in concrete, in unmarked graves, or thrown in the rivers Plate and Parana

Local political observers believe that a few officers involved in human rights violations have indeed been jailed but their trials and their sentences have been kept from the public eye

Of rather greater significance is the fact that several officers linked by human rights groups to cases of the disappeared are still in active service. Captain Alfredo Astiz, commander of the Argentine troops in South Georgia during the Falklands crisis, and the man wanted by both the French and Swedish governments in connection with the disappearance of two nuns and a student, is only one of a number of such officers who fought in the war.

It is pressure from junior and middle ranking officers which is understood to have forced the present junta to produce a much vaguer document than that was initially planned a few months ago. The Ministry of the Interior, which sees itself as the government mediator with the political parties, is believed to have favoured publishing names of the "disappeared," based on partial lists of victims which have been kept by certain sectors of the armed forces.

In the aftermath of the Falklands War, the military hierarchical structure has been severely strained and the generals are wary of taking the wrong step. They would have preferred the document to be the final word on the human rights issue, but the intensity of public reaction has forced them to start planning on a further a line of defence. A draft law which would extend amnesty to current political prisoners in return for letting guilty officers of the hook is again under consideration for possible publication before the October 30 election.

There are politicians and bishops who privately see this as an adequate compromise that would smooth the transition to democracy, and also resolve their own rather ambiguous involvement in the "dirty war." Many military officers, for instance, claim that their actions were endorsed by members of the Peronist party and blessed by certain churchmen.

The amnesty law, however, will not satisfy many thousands of Argentines who have lost a friend or relative and who, if and when elections take place, will present their cases to hitherto silenced civilian courts and to the Congress. A few of these Argentines are stirred solely by motives of personal vengeance, but the bulk are moved by a more profound political logic. They argue that unless they are told the truth and those guilty are brought to trial, there can be no real guarantee against the past reoccurring.

Mothers of "disappeared" victims of repression in a mass protest at official silence

Concern over handling of 'overpriced' oil cases

By William Hall in New York

THERE IS growing political concern in the U.S. that the authorities are being too lenient on the major U.S. oil companies which contravened official price controls on crude oil prices in the 1970s and overcharged customers.

The U.S. Department of Energy has been pursuing a number of cases against major oil companies which state that they received more revenues than they were entitled to under price controls which lasted throughout the 1970s and were only finally lifted in January 1981.

In an effort to avoid lengthy litigation, the U.S. Energy Department has been reaching a number of out-of-court settlements with oil companies, and it is these settlements which have apparently inflamed U.S. congressmen, who argue that the oil companies are being let off too lightly.

It is understood that the U.S. energy department is delaying a number of settlements with the oil companies because of the rising political complaints. The House of Representatives energy sub-committee, headed by Representative John Dingell, is expected to hold hearings on the issue later this month.

A few months ago the Department of Energy took Exxon to court, alleging that the giant U.S. oil company received $895m in revenues to which it was not entitled between 1973 and 1981. In addition, the Department of Energy said that Exxon owed $740m of interest on that amount. After allowances, Exxon's total liability was estimated at $500m. The case, like many others, is complicated, and Exxon, like many other oil companies, argues it is being sued unfairly.

Mr Dingell is reported to be particularly concerned about a recent proposed settlement of $314m claims against Marathon Oil alleging overcharging. Marathon is reported to have paid only $11m to settle the law suit and Mr Dingell has been reported as saying it was "outrageously low". He believes that Government lawyers are taking a far too conservative line on the amount of money they can win from the oil companies.

OVERSEAS NEWS

SYRIAN PRESENCE CONCERNS U.S.

Israel to keep troops in Lebanon

PARIS—The U.S. has formally accepted Israel's position that it can keep its troops in Lebanon at long as Syrian forces remain there, according to a senior State Department official.

The U.S. understanding of Israel's position, he said, was contained in a "side letter" between Israel and the U.S. to the Lebanese-Israeli troop withdrawal agreement arranged last last week with the help of Mr George Shultz, the Secretary of State.

Mr Shultz arrived in Paris at the end of his two-week Middle East peace shuttle, having made little headway in his bid to revive President Ronald Reagan's faltering Middle East peace initiative.

According to the State Department official, who was aboard Mr Shultz's aircraft, the agreement stipulates that Israel should complete a withdrawal of its troops from between eight to 12 weeks after it starts. But Israel would not begin withdrawing until there is agreement for Syria also to pull out its forces.

Mr Shultz, who urged the Syrians to join in a troop withdrawal, found the Syrians "hardly enthusiastic" about the Lebanese-Israeli accord. But they "didn't slam the door" on the possibility of withdrawing their own 40,000 troops, which have been in Lebanon since 1975 There are about 25,000 Israeli troops remaining in Lebanon from the invasion of last June.

The U.S. official added that the Israelis would have the right to have eight joint patrols with Lebanese soldiers daily in a security zone in Southern Lebanon, operating from two centres. He said it was not certain if Israelis would be stationed at the centres.

There was nothing in the agreement or related documents, he said, dealing with the future of the Israeli-backed militia leader Major Saad Haddad. His future role in the region was dealt with in a "verbal understanding" between the U.S. and Israel.

Soviet citizens' pull-out fuels fears of war

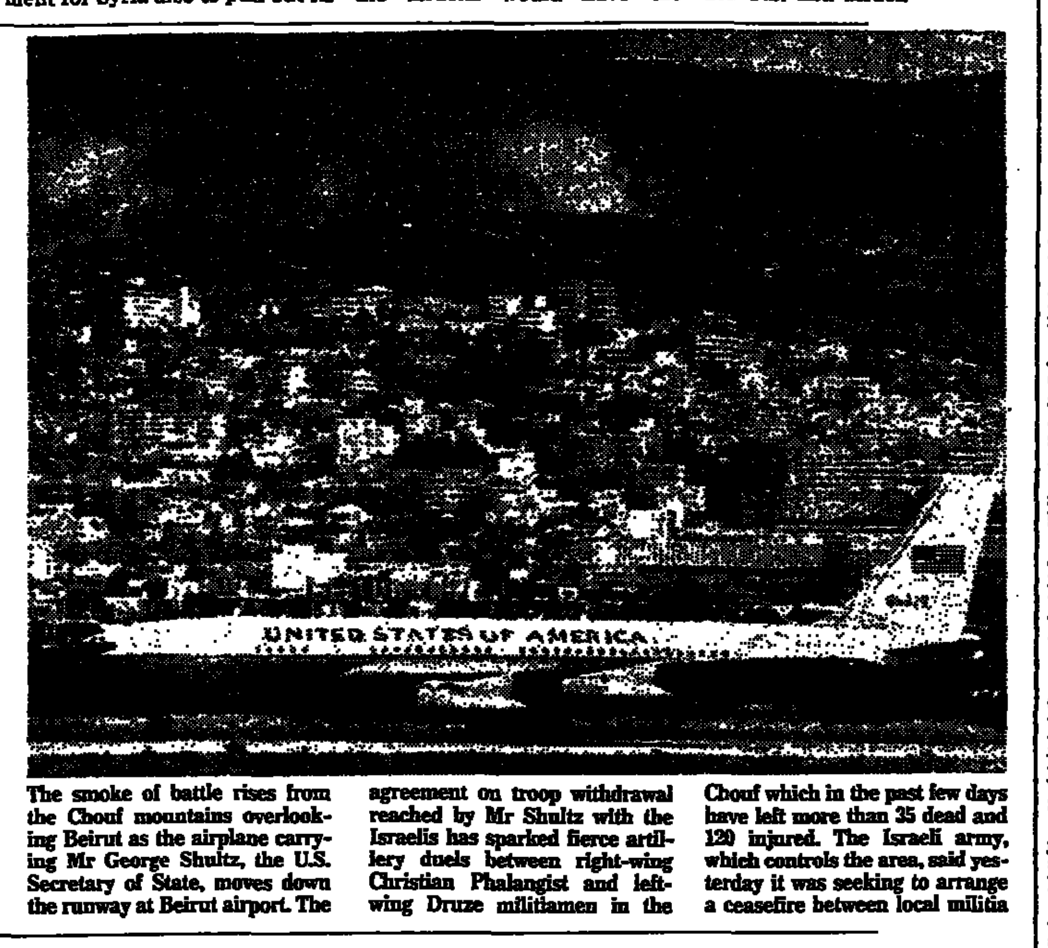
By Nora Boustany in Beirut

MORE than 85 relatives of Soviet citizens working in Lebanon were evacuated from Beirut on a specially chartered aircraft yesterday. No official reason was given.

The move follows reports in local newspapers that the Moscow Narodny Bank is winding down its operations in the capital. The bank advised 32 employees, most of them Lebanese, that they were being laid off.

It is not clear whether the evacuation, which involves mostly women and children, is part of a larger Soviet civilian withdrawal from the region. But the decision heightened fears yesterday of a fresh outbreak of hostilities following the troop withdrawal accord negotiated with U.S. help between Israel and Lebanon.

Lebanese intelligence officials make no secret of Soviet involvement with Syrian troops in Lebanon's Bekaa valley, and say that at one point Soviet experts entered the mountain town of Dhour Shweir, behind Syrian lines.



The smoke of battle rises from the Chouf mountains overlooking Beirut as the airplane carrying Mr George Shultz, the U.S. Secretary of State, moves down the runway at Beirut airport. The agreement on troop withdrawal reached by Mr Shultz with the Israelis has sparked fierce artillery duels between right-wing Christian Phalangist and left-wing Druze militiamen in the Chouf which in the past few days have left more than 35 dead and 120 injured. The Israeli army, which controls the area, said yesterday it was seeking to arrange a ceasefire between local militia

India's bid for $2bn ADB loan hits snag

INDIA'S bid for a five-year $2bn (£1.3bn) loan from the Asian Development Bank has run into trouble and indications are that the Government will have to wait for a long time before a decision is taken on it, K. K. Sharma reports from New Delhi.

The delay springs from the ADB's lack of adequate funds. Its capital resources have been raised by 105 per cent instead of the hoped-for 125 per cent. As another replenishment is difficult, the chances are that India's application will be indefinitely shelved. The request has been opposed by the U.S. and by the small Asian countries which are the ADB's traditional beneficiaries.

Kampuchen drouht

Up to half a million Kampuchean children under the age of 14 are suffering from severe to moderate malnutrition in seven of the country's poorest provinces due to a prolonged drought and economic dislocation following almost a decade of war and strife, according to a UN nutrition survey to be published this week, Richard Cowper reports from Bangkok.

Even with a good monsoon this year, UN aid workers say, Kampuchea will still run short of about 130,000 tonnes of rice in 1983. A moderately poor monsoon could push this shortfall to more than 200,000 tonnes.

Editor subpoenaed

THE Australian Government has subpoenaed the editor of the weekly National Times, Mr Brian Toohey, to apear in the High Court today, when it will seek an injunction restraining further publication of documents belonging to the Australian Security Intelligence Organisation (Asio), Colin Chapman reports.

Japan delays discount rate cut

BY JUREK MARTIN IN TOKYO

THE BANK of Japan, Japan's central bank, still appears to be in no hurry to lower its discount rate, in spite of the appreciation of the yen against the U.S. dollar in the past few trading days.

The Japanese currency closed in Tokyo yesterday at Y233.10 to the dollar, Y2.35 up in the session and Y5.05 higher than a week ago. In London the yen finished at Y233.07½.

The Governor of the Bank of Japan, Mr Haruo Maekawa, reflecting a caution widespread among market analysts, observed in a speech in Osaka yesterday that it was far from clear that the yen's appreciation against the dollar would be maintained.

He remained typically enigmatic on the prospects of a cut in the discount rate, which has stood at 5.5 per cent since December 1981.

The bank, in effect, is balancing political factors on the one hand against economic and monetary factors on the other.

The first entail lower interest rates, as was made clear in the Government's economic package early last month, itself drawn up with political considerations in mind.

Moreover, two dates on the calendar within the next six weeks weigh in the central bank's deliberations—the Williamsburg summit at the end of this month and the elections for the Upper House of the Diet, to be held on June 26.

It would be surprising if both passed without tangible evidence of economic stimulus in the shape of a discount rate cut.

The exchange rate factor seems less clear cut. The yen had been stuck in what one expert here called "a box" of Y235-240 to the dollar for the past 10 weeks. The latest gains suggest, in the opinion of market analysts, a new intermediate range of Y230-235.

There appears less confidence that the 230 barrier, an important resistance point in the eyes of the Bank of Japan, will be easily breached.

Bullish points for the Japanese currency include continued growth in the current account surplus — partly the result of lower oil prices—and some evidence that exports are emerging from their year-long decline.

But the long-term capital outflow, which reached a record in March, remains heavy and could amount to $15bn in the current year. Additionally, Japanese traders still possess a considerable appetite for dollars, thus effectively underpinning the dollar rate.

Japanese analysts are also far from convinced that U.S. interest rates will decline much further, especially in the short-term, giving the most recent increases in the U.S. money supply.

Indeed, any cut in Japanese interest rates, if it moves against the grain of firmer U.S. rates, could well produce a weakening in the yen — as happened, most painfully for Japan, in the months after it reduced its discount rate in December 1981.

Botha faces 3 poll tests today

JOHANNESBURG — South Africa's ruling National Party today fights three by-elections widely seen as a test of the reform policies of Mr P. W. Botha, the Prime Minister.

Two of them take place in the rural Northern Transvaal, where there is strong Afrikaner opposition to plans unveiled by Mr Botha last week for limited political power-sharing with Coloureds (people of mixed race) and Indians in Parliament in Cape Town.

The plans are attacked by many right-wing Afrikaners as well as the official opposition, the Progressive Federal Party (PFP).

Mr Fanie Botha, Manpower Minister, a leading reformer, is fighting for his political life in his Soutpansberg constituency on the Zimbabwe border.

His opponent belongs to the right-wing Conservative Party, formed last year by dissident nationalists opposed to Mr Botha's plans.

In the neighbouring constituency of Waterberg, Dr Andries Treurnicht, the Conservative party leader, seeks re-election against a nationalist and the ultra-right Herstigte National Party (HNP).

The third constituency at stake is the Pretoria suburb of Waterkloof, which the PFP is confident of winning. The PFP is also opposed to the reform plans on the ground that they exclude South Africa's black majority.

Until last year, the National Party, which has ruled South Africa since 1948, presented a united front to the voters. The far-rightists of the HNP, which split from the party 14 years ago, had not been able to win a single parliamentary seat.

The split between nationalists and Conservatives now presents Afrikaner voters with three right-wing parties, all of which claim to represent Afrikaner nationalism.

For the Conservatives, who have a strong following in the Northern Transvaal, and the HNP, the central issue is maintaining white supremacy and Apartheid (racial separation).

Reuter

Iran urges restart on chemicals plant

TEHRAN — Iran's deputy oil minister for petrochemical affairs, Mostafa Taheri, said he wants a consortium of Japanese companies to resume work as soon as possible on a petrochemicals complex at the Iranian port of Bandar Khomeini.

Mr Taheri told a news conference neither the war with Iraq nor the question of further financing for the project should prevent work restarting immediately.

He said he would hold talks in Tokyo on Thursday to try to reach agreement with the consortium involved.

The 1979 revolution in Iran and the war which broke out with Iraq in 1980 interrupted work on the $3.5bn project, designed as the centrepiece of plans to develop new oil-based industries in Iran. Nearly $3bn has been spent on the project so far.

Diplomats in Tehran said the Japanese wanted the Iranian Government to guarantee the site's safety from Iraqi attack and bear a large share of further spending on the project before they would resume building.

When the project began Iran and the Japanese were each to bear half the cost.

But the diplomats said the Japanese were baulking at how much they might have to invest to complete the project because war damage and the interruption of work had added greatly to the original costs.

The complex was 85 per cent complete when the 1979 revolution began. Work resumed in 1980, but stopped again after Iraqi planes bombed the site, which lies only about 75 km from the Iraqi border.

Mr Taheri said people now go to the site daily and no harm is coming to them from the Iraqis.

Mr Taheri said he also thought finance was a secondary issue and Iran's Government and Parliament would grant funds for the project if they saw work started again. He said the question of who would pay how much would be the subject of talks.

Reuter

India exports surplus steel

By P. C. Mahanti in Calcutta

INDIA has signed deals with U.S. and Italian groups to export 40,000 tonnes of hot rolled and cold rolled coils.

The move is designed to help India get rid of part of its unsold stock steel of 1.7m tonnes.

The steel ministry said that since there were already signs of domestic demand picking up the surplus stock was unlikely to be burdensome much longer.

India produced a record 5.7m tonnes of saleable steel in 1982-83 when demand was distinctly poor.

Added to this were some 1.5m tonnes of imported steel which caused the build-up of unsold stocks to an abnormal level.

WORLD TRADE NEWS

PARIS AIR SHOW

Space shuttle to steal limelight from Ariane

BY DAVID MARSH IN PARIS

IN A display of space-age one-upmanship, the U.S. later this month will fly the space shuttle over the Atlantic for its European debut, just a week before Europe's own trouble-hit space rocket Arinne is due to make its first operational flight.

Announcing the space shuttle's star billing at the Paris Air Show in a fortnight's time, the show's organisers said yesterday it would arrive on May 24 and make five exhibition flights to charm spectators and commercial rivals alike.

According to an official at the U.S. space agency Nasa yesterday, the shuttle is being given its first earthly trip abroad simply to give it as wide a public showing as possible.

The Europeans are more cynical. Pointing to the competition between the space shuttle and Ariane in the increasingly important business of placing commercial satellites in orbit, a top executive at one of France's major aerospace companies said yesterday: "The Americans are not stupid. They are not doing this for charity."

The shuttle being ferried across the Atlantic will not be the Columbia or Challenger spacecraft which have made orbiting missions. Because of the obvious risk involved, Nasa prefers to send the Enterprise prototype model which looks the same as the operational machines but is not fitted out for trips in space.

The Enterprise, which was used for approach and landing tests at the start of the shuttle programme, has not flown since 1977. It will be flown piggy-back across the Atlantic—with probably a refuelling stop midway —on the specially-equipped Boeing 747 which is used to carry shuttles across the U.S. between the launch side at Cape Canaveral and the landing site in California.

The shuttle will be exhibited amid conditions of tight security. No visitors will be allowed on board. It will presumably be kept well away from the Russians, who are also mounting a large aircraft display at the show in spite of the expulsion from France of 47 alleged Soviet spies last month.

The pride of the American space effort will be exhibited at the airshow facing a full-scale model of Ariane. The real-life Ariane is due to take off from French Guiana on June 3 on a make-or-break mission following the crash of the previous rocket shortly after blast-off in September, which has delayed the launch programme for six months.

Apart from giving Europe an independent capacity to launch its own telecommunications and observation satellites for both civil and military purposes, Ariane is also competing with the space shuttle to win satellite launch orders on the world market.

The Ariane delays have hardly helped its image. The Europeans have just been forced to choose an American rocket to launch a key astronomical satellite because Ariane would not be ready on time.

Ariane has already been booked for launchings in the next few years by U.S. telecommunications concerns such as General Telephone and Electronics. Officials at Arianespace, the French-led commercial organisation set up to sell Ariane flights, say another order with a U.S. company is close to finalisation.

But European space officials will be holding their breath until after the next Ariane is safely launched—and the presence of the shuttle in Europe during the final crucial days before countdown will make their hearts beat a little faster still.

● Nora Boustany adds from Beirut: McDonnell Douglas Ltd, a subsidiary of the McDonnell Douglas aerospace company of the U.S., has re-opened a commercial office in Beirut for the Middle East and North Africa after an eight-year absence from Lebanon.

The company believes there is room for expansion in the Arab world and hopes to boost sales of its fuel-efficient Super 80 jetliner, now on a round-the-world demonstration tour.

The company is the second major U.S. concern to re-establish its offices in Beirut, after Pan American World Airways resumed flights last month for the first time since civil strife broke out in Lebanon in 1975.

EEC-Japan co-operation talks planned

By Paul Cheesewright in Brussels

THE EUROPEAN Commission is seeking the approval of EEC member governments to open negotiations with Japan for a new scientific and technical co-operation agreement.

The move provides further evidence of a thawing in EEC-Japan commercial and political relations.

It follows the decision of the French Government to ease the administrative procedures for the import of Japanese video cassette recorders by dropping earlier demands that all were channelled through the small town of Poitiers.

It comes in the wake of an easing of tension over the EEC decision further to pursue a wide-ranging complaint about Japan's trading policies through the disputes procedure of the General Agreement on Tariffs and Trade in Geneva.

The broad political aim of an agreement is to add a long-term dimension to EEC-Japan relations by fostering co-operation in areas like thermonuclear fusion, nuclear safety, environmental protection and the development of new energy resources.

ECGD backs £15m credits for Indonesian contracts

BY OUR WORLD TRADE STAFF

THE Export Credits Guarantee Department has guaranteed £15m in loans to support British exports to and projects in Indonesia.

An £8m tranche will help finance the design, construction and commissioning of a coal handling terminal at Tarahan in south Sumatra. The contract has been awarded to Balfour Beatty as part of a joint venture with D.B. Engineers of Canada.

The loan was provided by Barclays Bank for P.T. (Persero) Tambang Batubara Bukit Assam through the Indonesian Government Finance Ministry.

A £7m loan provided by National Westminster Bank will help finance a contract awarded to Rediffusion Simulation for the supply of a Boeing 747 flight simulator and a Fokker F-28 simulator to Garuda Indonesian Airways.

● Lazard Brothers, the London merchant banking house, has been appointed by the Hong Kong Government to study and advise on the feasibility and financial implications of Hong Kong taking power from the projected $6bn (£3.9bn) Guangdong nuclear power project in China.

UK-Seychelles air service

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian Airways, the independent airline, is joining with Air Seychelles, the flag airline of the Seychelles, to run once-weekly flights between Gatwick and Mahe, via Frankfurt, from October 26. The new service is likely to be of considerable interest to tour operators.

The agreement between the two airlines provides for British Caledonian to provide a DC-10-30 tri-jet airliner, leaving Gatwick every Wednesday, calling at Frankfurt, and arriving at Mahe on Thursdays. Return flights will leave Mahe on Thursdays and reach Gatwick, via Frankfurt, on the same day.

Hong Kong electronics exports up by 15%

BY ANDREW FISHER, SHIPPING CORRESPONDENT

HONG KONG'S exports of electronics goods should grow by 15 per cent this year to exceed HK$20bn (£1.8bn), according to estimates made by the colony's biggest company in the sector, Conic Investments.

But labour shortages will be a major constraint on growth, which will thus have to depend on rises in productivity, as well as extensive sub-contracting to China.

Conic said the major growth areas in the industry, which employs around 100,000 people, will be electronic games, telephone and telecommunications equipment, colour television sets, and computer and microprocessor-based equipment.

Last year, the colony's electronics exports rose by 8.3 per cent to HK$17.5bn, second only to garments and accounting for just over a fifth of the colony's total sales abroad.

Electronic games showed a massive rise of 66 per cent to HK$2.1bn, with watches and clocks boosting exports by 13 per cent to HK$5bn. But computer components were a major loser, shedding 22 per cent to HK$1.6bn. The biggest category, audio products, saw sales ease by nearly 3 per cent to HK$5.4bn.

Conic said that a shift in the U.S. market would take place this year as clock radios were replaced by the three-in-one clock radio with telephone.

In the past three years, the colony has exported an average of 4m clock radios to the U.S. Mr K. M. Pang, director and general manager of Conic, said about 6m should be sold this year, half with telephones attached.

The local electronics industry has geared itself up to boost sales of telephones and telephone-related equipment now that the U.S. government has deregulated the industry to allow more freedom of choice by the consumer.

The three-in-one units — one industry analyst foresees a four-in-one unit shortly with a cassette recorder attached — retail in the U.S. at between $50 and $70. Mr Pang said the ex-factory price in Hong Kong was between $20 and $30.

As more companies in the colony enter the market these prices could well come down, the analyst said.

Conic said 1982 was "a turbulent year" for LCD watches. Sales rose from 105m to 162m items, but the average selling price dropped from HK$28 to HK$18. The current price is around HK$8.

Telephone exports grew by as much as 241 per cent to HK$321m. "Growth in 1983 will be even more spectacular. Shipments to the U.S. alone will exceed HK$1bn in 1983," the report says. But Hong Kong is not alone in this market. Taiwanese companies are becoming more interested.

Mugabe tries IMF rectitude as Zimbabwe's economy weakens

BY TONY HAWKINS IN HARARE

ZIMBABWE'S economy is expected to contract by 3 per cent in real terms this year, in sharp contrast to the prolific growth in gross national product of 15.4 per cent in 1980 and 13 per cent in 1981.

The reversal began last year, when growth was estimated at 3 per cent, and came in response to the world recession and the start of a severe drought. But the need to deflate the economy in line with IMF prescriptions is reinforcing the trend, and is likely to prove unpopular.

Under the IMF package, Zimbabwe obtained SDR 356.1m (£245m) in the form of a SDR 300m standby facility to be drawn down over the next 18 months and a SDR 56.1m loan available immediately under the compensatory financing programme.

But the precise terms have not been disclosed, and one apparent reason for this is the Harare government's understandable reluctance to publicise orthodox monetary and fiscal measures which would offend radicals in the ruling Zanu-PF party opposed to IMF membership.

The package is believed to contain the usual IMF formula of a reduced budget deficit, a slowdown in credit expansion, no reduction in interest rates, curbs on short-term bank borrowing abroad, exchange rate "flexibility" and what are termed "appropriate" price and wage policies.

Some of these adjustments have already taken place. The Zimbabwe dollar was devalued by 20 per cent last December and has since fallen further against major world currencies, depreciating a further 6.5 per cent against the U.S. dollar.

Interest rates were effectively doubled during 1981, but with the escalation of inflation the long-term rate is substantially negative. There has been no general wage increase for 18 months but swingeing tax increases have been imposed, designed to check the growth in the budget deficit.

It is one of the ironies of the present economic situation in Zimbabwe that a socialist government — committed to establishing a "truly Marxist-Leninist society," as Mr Robert Mugabe, the Prime Minister, has put it—has opted for fiscal and monetary rectitude.

ECONOMIC PERFORMANCE

	Real GNP growth (%)	Industrial output (volume) (%)	Mining production (value) (%)
1979	7.7	10.7	24.6
1980	15.4	15	32
1981	13.0	10	−5
1982	3.0	−2.4	−2.7

Other major adjustments have still to be made or endured. The full impact of the 50 per cent cut in industrial import quotas between October 1981 and March this year has still to be felt. It started to materialise last year when manufacturing output declined by some 2.4 per cent, the first such fall since 1978. Industrialists predict a further decline this year, pointing out that there can be no sustained recovery until quotas are increased.

The Government has still to grasp the fiscal nettle. Official figures show that in the six months to December the budget deficit of £160m was 34 per cent above the forecast deficit for the full fiscal year to June 1983.

Although taxes were raised in February even larger expenditure increases were announced at the same time. This means that in the July budget, Dr Bernard Chidzero, the Finance Minister, may be forced to announce major reductions in public spending. The social services and food subsidies are likely to be cut and there could well be further tax measures too.

On top of this, the Government is coming under increasing pressure for a general increase in wages. The last pay award was at the beginning of last year. Since then, prices have risen by more than 15 per cent for higher income groups and 22 per cent for the lower paid.

Mr Mugabe has promised a pay review in mid-year, but it is thought that the IMF package limits pay increases to no more than 10 or 12 per cent. With the inflation rate likely to accelerate during 1983 to a minimum of 18 per cent, a signficant decline in real wages seems inevitable.

The international recession caused mining production to fall in value for the second successive year in 1982 and output volumes were at their lowest for 12 years. This year, output values will rise at least 25 per cent, thanks to devaluation and firmer prices in world markets. But this is one of a very few bright spots.

Agricultural production will be sharply lower, reflecting what some farmers describe as the worst drought in living memory. Maize deliveries will be down to a forecast 600,000 tonnes, from a peak of more than 2m tonnes in 1981. Wheat output will be less than half national consumption, put at 250,000 tonnes.

Dr Bernard Chidzero
May be forced to announce public spending cuts.

Fortunately, Zimbabwe began the year with a maize stockpile of 1.5m tonnes and this should see the country through until the 1984 maize harvest. But large-scale wheat and oilseed imports will be necessary, adding a further burden to the balance of payments.

There is disappointment with the poor prices being paid for Zimbabwe's main export, flue-cured tobacco. With nearly 10 per cent of the 1983 crop sold, the price is 12 per cent lower than last year in Zimbabwe dollar terms and down more than one-third in foreign exchange terms. Tobacco brought in $250m of foreign exchange in 1982, but may earn no more than $220m this year.

The balance of payments last year ran a deficit of more than £330m, of which an estimated £95m was on trade account. The deficit was funded from substantial foreign borrowings. In 1983, there are hopes that the world recovery, devaluation and import curbs will between them eliminate the trade deficit, paving the way for higher import allocations and an upturn in manufacturing next year.

A major post-independence disappointment has been Zimbabwe's failure to attract the private foreign investment which many observers believed would flood into the country once the decolonisation process was over. In the 2½ years to mid-1982, there was actually a small net outflow of private long-term capital.

Whether private investors will take heart from the Harare government's new-found fiscal and monetary conservatism remains to be seen. The portents are not good. The campaign by opposition dissidents in Matabeleland and the government's response to it has attracted adverse publicity internationally. Frequent public statements by government ministers predicting the "destruction of capitalism" in Zimbabwe and promising state participation in major strategic companies seems likely to deter foreign as well as domestic investors.

Party machines tune up for election battle

Margaret van Hattem finds the parties in reasonable shape for the June campaign

THE ANNOUNCEMENT yesterday by Mrs Margaret Thatcher, Prime Minister, to pitch the nation into a general election on June 9 found the main political parties reasonably well prepared for full-scale campaigning next week.

Campaign funds are flowing in, more smoothly for the Conservatives than for the others, but none of the parties is in desperate straits.

Manifestos are either ready for the printers or expected to be so within the next few days. Only the Liberal Party Social Democratic Alliance has announced its slogan – Working Together for Britain. The Tories say they have theirs, but will not be revealing it until they are ready. Labour meanwhile, still waiting to see how the themes of the campaign develop."

However, most candidates will have been selected for constituencies by the end of this week, and all main parties are planning to start their daily press conferences the following week – Labour and the Alliance on Monday 16, the Tories on the following Friday.

Labour's biggest initial headache – money – was dispelled at the weekend by a pledge from the main trade union leaders to make good a £1.8m shortfall in the party's £2.5m election fund.

They have promised to deliver the money by tomorrow, although there is still some doubt whether Mr Arthur Scargill, the miners' leader who is expected to come under heavy pressure at a meeting of Labour's campaign committee at Westminster later today, will pay up readily.

The National Union of Mineworkers is understood to have been asked for well over the £150,000 being paid by the Transport and General Workers' Union – some put the figure as high as £500,000 – and Mr Scargill has indicated his reservations.

Meanwhile, work is proceeding on Labour's manifesto, which will be essentially a resume of the party's recently-published campaign document. The main problem will be to ensure that the carefully constructed compromises on contentious issues such as EEC withdrawal, unilateral UK disarmament and pay restraint are preserved intact.

The Shadow Cabinet and National Executive Committee will meet to approve the main outlines in the next day or so, and the final rewrite, after being approved by Mr Michael Foot, the party leader, should be ready for publication this Thursday or Friday.

Labour has now selected all put around 20 of its candidates. The biggest problem will be in Brent East where Mr Ken Livingstone, leader of Greater London Council, hopes to replace the sitting MP Mr Reg Freeson. The NEC is expected to rule on the matter at a special meeting tomorrow, but since no decision will please everyone, and Mr Livingstone has already threatened to go to court if the decision goes against him a damaging row looks highly likely.

The Alliance appears to have resigned itself to the probability of messy squabbles in Liverpool/Broadgreen, Hammersmith North and Hackney South and Shoreditch, where Liberal candidates are refusing to stand aside for the SDP. The SDP has still to select candidates in 11 of the 312 seats allocated to them and the Liberals in 19 of the 321 seats allocated to them.

But apart from the three problem seats, selections are proceeding fairly smoothly and the Alliance hopes to have all candidates in place by the weekend.

The joint Liberal/SDP manifesto – confidently titled A Joint Programme for Government – is ready for the printer and awaits only a joint introduction which the Liberal leader Mr David Steel and the SDP Leader, Mr Roy Jenkins, were reported to be composing last night. The document, drawn up by teams headed by Mr John Horam for the SDP and Mr Richard Wainwright for the Liberals, is due to be published on Thursday.

The Alliance has set a £2.5m target for its campaign fund and admits to having "a long way to go" before it is met but adds that its circumstances are "not desperate."

Tories were yesterday preserving a dignified silence about their campaign plans – funds, manifestos and slogans. The manifesto is understood to be almost complete, but will probably not be published until tomorrow week.

Conservatives stoutly deny Labour claims that they are planning to spend a total of between £10m and £20m on the campaign, but they do not deny that the amounts pouring in from their usual corporate supporters are substantial.

Parties are under tight constraints on what they may spend in constituencies – £2,700 plus 3.1p per elector in county seats and 2.3p in borough constituencies. But radio and television advertising, while under time limits, is under no financial limits.

Parties may also spend as much as they like on opinion polls, poster campaigns, press advertising, national tours by party leaders and printed matter. So the opportunities for the Tories to take advantage of their financial lead is considerable.

Racal, Thorn EMI secure defence orders worth £50m

BY JASON CRISP

TWO BRITISH companies have won major orders for defence electronics equipment worth a total of nearly £50m.

Racal has won a key order to supply Oman with frequency hopping military radios worth £20m. It represents the largest order in the world so far for the new generation of tactical radios. Racal claims to be the only company in the world producing this type of equipment in production volumes.

Thorn EMI has won an order worth £28m from the British Royal Navy to supply electronic warfare equipment which is designed to mislead enemy radar. The contract was won in competition with other leading UK defence electronics companies including Racal-Decca, Marconi and Plessey.

Oman is the first country to standardise on frequency hopping radio, and the order confirms Recal's lead in this new field. Frequency hopping is a technique by which radios change frequency many times a second in a "pseudo-random" sequence which makes them difficult to jam, detect or intercept.

Racal's system, Jaguar V, has been sold to 13 countries. Most of the world's defence communications companies are developing frequency hopping radio systems, including Harris and ITT in the U.S., Marconi Space and Defence Systems and Plessey in the UK, Thomson-CSF in France, Tadiran in Israel and Grinaker in South Africa.

The most important contract for frequency hopping radio is the U.S. army's Sincgars V. This much delayed contract is being competed for by ITT and two subsidiaries of Britain's GEC, Cincinnati Electronics with Marconi Space and Defence Systems.

The Oman contract was won in competition with Plessey, Marconi and Harris. One of the key factors which enabled Racal to win the contract was its ability to meet an early delivery schedule.

Singapore power order

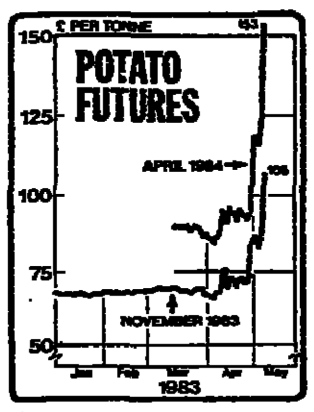
BY PETER BRUCE

NORTHERN Engineering Industries, (NEI) the British engineering group, has won a £ 70m power plant order from Singapore, beating off competition from the U.S., Japan, and Europe. The order is believed to be the biggest ever placed by Singapore with a UK company.

It is likely that the order will be financed by the first Swiss franc buyer credit to win the support of the Export Credits Guarantee Department.

NEI Parsons of Newcastle upon Tyne is to supply three 250 MW turbine generators to the Public Utilities Board of Singapore, which is building an oil-fired power station at Seraya. The order, described as a "bigger than normal package" by NEI officials yesterday, also includes the supply of associated condensing and feed heating plant, and standby gas turbines.

Singapore has not appointed a turnkey contractor for the project.



Rain causes potato futures market to soar

By Richard Mooney

CONCERN about prospects for the coming potato crop has sent 1983-84 prices soaring on the London futures market.

The November 1983 position rose £18.80 yesterday to £106 a tonne, up £34 from a week ago. The April 1984 quotation finished at £153 a tonne, up £59 in a week.

Latest figures from the Potato Marketing Board show that, because of the exceptionally wet spring which has waterlogged fields, only 79,476 hectares have been planted so far out of a target total of 161,000 hectares. At this time last year, plantings were 98 per cent completed.

The National Farmers' Union said that the position is not beyond recovery but a substantial spell of dry weather was urgently needed. An NFU official said he thought the rise in the futures market was "a little bit overdone." He pointed out that potatoes have a long growing period and, given good conditions, most of the expected shortfall could be recovered.

Plastics companies likely to cut 40,000 jobs in seven years

BY RAY DAFTER

THE PLASTICS industry warned yesterday that it was likely to shed more than 40,000 jobs – about a fifth of its labour force – by the end of the decade.

Plastics processors said the cuts were needed to improve efficiency, even though output was likely to grow by an average of 30 per cent between now and 1990.

Most of those affected would be unskilled and semi-skilled workers whose jobs would be increasingly affected by the spread of automated production methods, micro-processors and robots.

The forecast was made by the National Economic Development Council's plastics processing sector working party, comprising representatives of Government, managements and trade unions.

The working party reported* that the reduction in labour would add to the already serious employment problem and would underline the need for government action to mitigate "the social implications of massive unemployment."

The industry, with an annual £4.5bn turnover has already reduced its numbers from around 285,000 in 1979 to between 200,000 and 250,000, largely as a result of the economic recession.

The working party warned, however, that the industry could be constrained if it was unable to obtain sufficient skilled craftsmen, technicians, technologists, computer programmers and microelectronics experts to operate new machinery. More multi-skilled training was necessary.

"In many cases current job demarcations are not suited for plastics processing," said its report.

British Plastics: the Next Ten Years, report to the National Economic Development Council by the Plastics Processing Sector Working Party; NEDO, Millbank Tower, Millbank, London, SW1P 4QX (free)

Oil deals imminent

BY OUR ENERGY EDITOR

BRITISH NATIONAL Oil Corporation (BNOC) is close to concluding new supply deals with international refiners willing so far to buy unsold North Sea crude oil under contract arrangements.

In recent months BNOC has been forced to make ad hoc arrangements – including forays on to the spot market – in order to sell up to 120,000 barrels a day of uncommitted oil.

This oil – almost 10 per cent of total UK production – was previously sold under long-term contracts to Gulf Oil and other refiners. But Gulf and the other companies stopped lifting the crude when they found they could obtain oil much more cheaply elsewhere.

North Sea spot market prices are now more in line with contract rates of between \$29.75 and \$30 a barrel. As a result, BNOC has found it easier to negotiate new supply contracts.

New move on Hepworth bid expected today

By Ray Maughan

THE Office of Fair Trading (OFT) is expected to announce today that it has recommended that the £115m bid by Hepworth Ceramic for Steetley, the building materials, refractories and minerals group, be referred to the Monopolies and Mergers Commission.

Lord Cockfield, the Trade Minister, is understood to have studied the recommendation. It is by no means certain that the Trade Department will support the OFT's view, but it is felt that in the case of this merger, the public interest, as defined by the 1973 Fair Trading Act, will be best served by an examination of complementary, or overlapping, interests in the refractories and building products industries.

Hepworth, which has launched an all-equity offer of 10 of its own shares for every seven Steetley shares, has consistently argued that the two groups are complementary, not competitive.

UK NEWS

Britain to challenge hunger aid scheme

By Kevin Brown

THE GOVERNMENT yesterday said it would oppose a £31m special aid programme proposed by the European Commission to combat world hunger.

Mr Timothy Raison, Minister for Overseas Development, said Britain would "find it difficult" to support the scheme at the next meeting of EEC aid ministers scheduled for June 9, the general election date.

Mr Raison said in the House of Commons: "The proposal merely duplicates in a rather less satisfactory way the various aid facilities already available." The best way to deal with world hunger was to increase agricultural production.

Britain had urged the Community to use resources more effectively by making funds used for food aid available for improving agricultural production. Food aid was open to "misappropriation and corruption," he said.

Mr Guy Barnett, Labour spokesman on overseas aid, said the Opposition also had serious reservations about the proposal.

He thought the EEC should properly co-ordinate its aid policy, and be aware of the damaging effects of dumping food surpluses on world markets.

Minet traces £23m of missing funds

BY JOHN MOORE, CITY CORRESPONDENT

MORE than £23m of funds missing from Lloyd's insurance syndicates managed by Minet Holdings companies has been traced.

The Minet Holdings broking group, which is at the centre of Department of Trade and City of London Police Fraud Squad investigations, has given details of this development to more than 1,000 members of Lloyd's who form the syndicates involved.

Minet Holding's new management, which has been attempting to solve the problems which arose last November and led to the departure from the group of Mr John Wallrock, Minet's chairman, and a number of underwriting executives, said in a letter:

"We have located assets of approximately £23m book value most of which are in cash but some are not. We are taking expert legal advice on the realisable value of assets not held in cash. We believe that the funds have been derived from the assets of the syndicates during the period 1979 to 1980."

Minet explained that "some $26m of these assets are held in the Banque du Rhone et de la Tamise," a Geneva bank.

The assets in the accounts at the Banque du Rhone "cannot be removed from them without an order of the Swiss court. The bank accounts are some of a number of accounts which are the subject of a freeze order of the Swiss court made as a result of a request by the Director of Public Prosecutions."

Minet added: "We understand that this action was taken to preserve these assets and the documentation relating to the accounts. In due course, steps will be taken with a view to releasing the accounts in question from the Swiss order."

All the assets were controlled by trust companies of settlements established in Gibraltar which are in turn controlled by J. A. Hassan & Partner, Gibraltar lawyers. "The trust companies are preparing with our active assistance, an application to the Supreme Court of Gibraltar which should result in the funds coming under the direct control of PCW (a Minet underwriting agency company looking after the affairs of Lloyd's members) for the benefit of the names (the members)."

Such a move would be subject to any valid claims by third parties. "Meanwhile we have secured the undertaking of the Gibraltar lawyers that no assets or documents under their control will be moved or destroyed without our agreement or an order of the Supreme Court of Gibraltar," Minet said. The undertaking extended to money in the Banque du Rhone.

Minet's troubles began last November when Alexander & Alexander Services, the U.S. owner of Howden, pointed out that possible irregularities might have occurred in related transactions between Howden and Minet companies.

Approval for work on new fighter

By Michael Donne, Aerospace Correspondent

THE Defence Ministry has sent a letter of intent to British Aerospace, clearing the way for work to begin on the Experimental Aircraft Project (EAP) – a plan for a fighter aircraft for the late 1980s.

The formal contract will detail the UK Government's £70m contribution to this venture, with a comparable sum coming from the UK aerospace industry, and probably contributions from the West German and Italian aerospace industries. The contract is still being completed and is expected to be signed next week, certainly before the Paris Air Show starting on May 26.

The EAP is a plan for a twin-engined, supersonic fighter "demonstrator," fitting into one new design all the advanced technology that will be needed in new fighter aircraft in the late 1980s and early 1990s.

The EAP initially involves building only one aircraft, but the aerospace industries of the UK, West Germany and Italy hope it will be the forerunner of a full-scale development programme for what is called the Agile Combat Aircraft (ACA).

Chevron case stays

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE BRITISH subsidiary of Chevron International Oil has defeated an attempt to stop it claiming $437,688 against a Norwegian company in the English courts.

In London's Commercial Court yesterday Mr Justice Staughton dismissed an application by A/S Sea Team for an order setting aside a ruling that Chevron could serve its writ outside Norway's jurisdiction.

The claim is for the balance of the price of fuel supplied to a tanker chartered by A/S Sea Team. The Norwegian company contends the fuel was not sold to it by Chevron UK. The seller, it asserts, was either Chevron's Norwegian or U.S. company, or the actual supplier, Belcher Oil Company. The contract was made by Chevron Norway and A/S Sea Team's agent.

A/S Sea Team has included Chevron UK among the defendants to an action in Norway claiming it lost about $1.2m through trouble with the chartered vessel's engines, which it attributes to the fuel. It contended that that action itself was a reason for saying Chevron UK's claim also should be tried in Norway.

The judge was satisfied that A/S Sea Team knew Chevron Norway had acted as Chevron UK's agent. A/S Sea Team also knew the contract incorporated certain of the Chevron group's standard terms, stating the contract was governed by English law.

Fowler promises talks on pension schemes

BY BARRY RILEY

A SPECIAL conference on the problems of early leavers from occupational pension schemes will be called soon by Social Services Secretary Mr Norman Fowler.

Meanwhile, there will be no early decision on allowing scheme members to opt out of company plans and set up their own individual arrangements.

Mr Fowler told the annual conference of the National Association of Pension Funds (NAPF) in Brighton that a number of difficult questions had been raised by the recent proposals for portable personal pensions from the Centre for Policy Studies (CPS), a research body linked to the Conservative Party.

"We will not be hustled into decisions on this," said Mr Fowler. "It is of the greatest importance that we take advice and allow discussion.

"We do not intend to make swift, instant decisions upon proposals of this kind without consultations with all parties in the pensions industry."

Mr Maurice Oldfield, the NAPF chairman, responded that this statement was "very reassuring."

Mr Fowler's undertaking followed suggestions from Conservative Party sources that senior ministers might want the election manifesto to include proposals allowing employees to opt out of company pension schemes. Invitations for the special conference will go out shortly, said Mr Fowler.

"My hope is that this will provide an opportunity for all those concerned to join in a public debate on the right way to tackle the question of the early leaver – including the undoubted problems of transferability," he said.

He insisted that the CPS recommendation "is not something which commits the Government in any way, shape or form," but the CPS had put forward some interesting ideas.

The Government would prefer the occupational pensions movement to put forward its own proposals, he said. He was against legislation unless it was absolutely necessary.

Mr Fowler said a plan for a central early leavers' fund, recommended by Mr Oldfield and others, raised problems of regulation and of Inland Revenue approval.

"I am afraid it is not simply a question of my introducing a small regulation into the House of Commons," he said. "It would, on our advice, require primary legislation."

Mr Fowler declined to make a direct comment on draft European Commission proposals, announced last week, that a common retirement age for men and women should be introduced by 1986.

"Until I have seen a text I am really in no position to make any kind of statement about what our response will be," he said.

Opposition to the CPS proposals on portable pensions had been the dominant theme of the three-day NAPF conference. Mr Oldfield described the ideas as "very superficial" and dismissed any questions of going back to money purchase schemes, "which most of us abandoned a generation ago because they failed to provide the right answer in times of inflation."

Mr Henry James, the NAPF's director general, complained that the CPS proposals had been "swallowed hook, line and sinker by pretty well every hack in Fleet Street."

Mr Stewart Lyon, president of the Institute of Actuaries, considered the report was superficial and seriously lacking in balance. There were less disruptive ways of achieving fairness.

Wood plant planned in drive for industry

By Mark Meredith, Scottish Correspondent

THE FIRST plant in Europe to produce oriented strand board, which combines the qualities of chipboard and plywood, is planned for Scotland.

Mr John Godfrey, an American businessman, hopes to receive planning permission to build a plant at Dalcross, near Inverness Airport.

This would be the first big success for a campaign opened last November to develop products from Scottish forests, Western Europe's last uncommitted timber resource.

Oriented strand board is made by laying long strands of wood at right angles on top of each other and sealing them into a board with resin. The board is stronger than chipboard yet cheaper than plywood, and is extensively used in North America as a substitute for timber-framed housing, cement shuttering and packing.

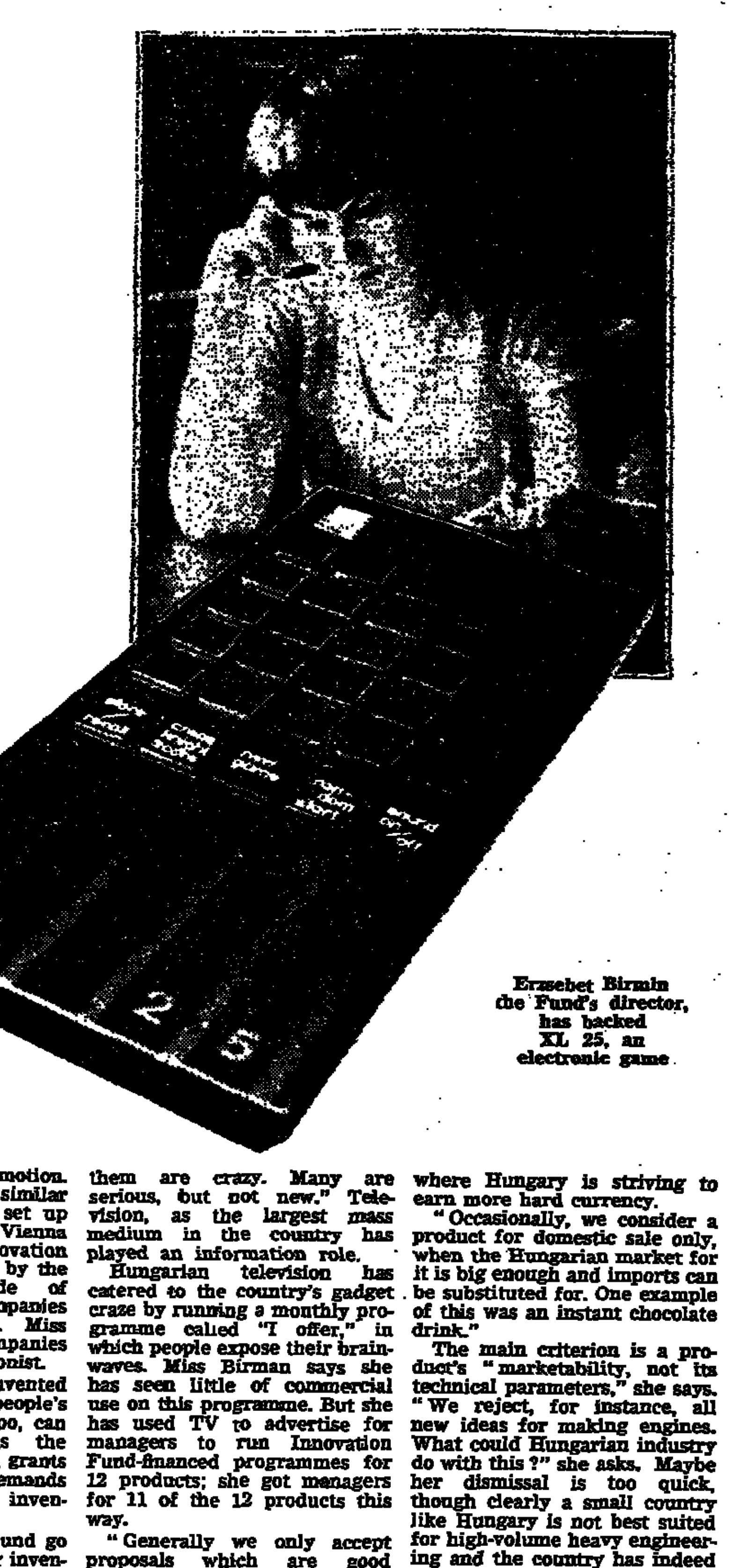
At the moment more than 90 per cent of UK wood products are imported.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

David Buchan on Comecon's only Innovation Fund

Hungary's commercial midwife



Erzsebet Birmin the Fund's director, has backed XL 25, an electronic game.

IF THE extraordinary success of Mr Rubik's Cube helped make Hungary known as the home of good ideas, it also made Hungarians aware that their inventiveness often outran their marketing skills.

So in 1980 they set up an Innovation Fund—certainly the only one of its kind in the Comecon bloc—designed to bring good ideas to market. Today the Fund has its fingers in some 150 projects, covering both industry and agriculture and ranging from electronic games, to bus springs, books, natural cosmetics, anti-burn sprays, ceramics and so on.

The Innovation Fund in Hungary is very much the brainchild of Miss Erzsebet Birmin, its current director. Three years ago she was the frustrated head of the export credit allocation arm of the National Bank, finding it irksome that she could not risk the bank's money on some of her clients' better ventures.

She persuaded the bank to set her up as head of the Innovation Fund with a starting capital of 600m forints (£10m). Its aim is not to fund basic research and development of products; that is the job of ministries, individual companies and special state committees. Nor is it to get involved in mass production on a long term basis; the Fund is not supposed to be a state holding company.

Rather, the Innovation Fund's goal is to act as commercial midwife between conception and full-scale manufacture of a product. It does this by providing "seed" money, on a win or lose risk basis, to help technical institutes, private investors, or small industrial cooperatives (sharply on the increase in Hungary) to market their ideas. The Fund's "equity stake" in a venture helps finance such activities as obtaining patents at home or abroad, testing, prototype development, market research and promotion.

Modelled on a similar Austrian fund, Innova, set up by the Spaarkasse and Vienna city council, the Innovation Fund fills a gap created by the stick-in-the-mud attitude of larger Hungarian companies towards outside ideas. Miss Birman says these companies tend to be very protectionist.

With the cry of "not invented here,' they rebuff other people's inventions. The Fund, too, can take a risk, whereas the National Bank, though it grants "innovation credits," demands repayment whether the invention succeeds or fails.

Does the Innovation Fund go out scouring Hungary for inventors? "No," says Miss Birman, "they come looking for us. In three years, we have had 600 proposals. About a tenth of them are crazy. Many are serious, but not new." Television, as the largest mass medium in the country has played an information role.

Hungarian television has catered to the country's gadget craze by running a monthly programme called "I offer," in which people expose their brainwaves. Miss Birman says she has seen little of commercial use on this programme. But she has used TV to advertise for managers to run Innovation Fund-financed programmes for 12 products; she got managers for 11 of the 12 products this way.

"Generally we only accept proposals which are good enough for export," says Miss Birman, and by that she means sale to the more demanding markets outside Comecon, where Hungary is striving to earn more hard currency.

"Occasionally, we consider a product for domestic sale only, when the Hungarian market for it is big enough and imports can be substituted for. One example of this was an instant chocolate drink."

The main criterion is a product's "marketability, not its technical parameters," she says. "We reject, for instance, all new ideas for making engines. What could Hungarian industry do with this?" she asks. Maybe her dismissal is too quick, though clearly a small country like Hungary is not best suited for high-volume heavy engineering and the country has indeed done well by "thinking small" in many sectors.

The Innovation Fund is supposed to be self-financing, Miss Birman says wistfully. So far it has spent only 240m of its allotted 600m forints and got back, in terms of return on its equity investments or in repaid loans, 45m forints. While the Fund's main job is to invest risk capital, it also does some lending, to buy machinery for instance, which is repayable.

"We could spend more money if we could find more managers to run the innovation programmes," Miss Birman says. In fact, the Fund, which only has a staff of eight and has to rely a lot on outside expertise, is now getting more help from the National Bank (its parent), the State Development Bank and the Foreign Trade Bank, as its activities have proved their worth.

Ironically, the Fund's biggest marketing flop and financial loss has been successor products to the Rubik Cube, the very invention which created the rationale for the Fund. Slow to capitalise on the Cube's success, Hungary bought expensive equipment with help from the Innovation Fund to gear up for mass production of a 12-sided "cube" last year, only to find the market already flooded by cheaper versions from the Far East. Production of this "logical toy" has now been stopped, and it is now, of all things, being handed out to Western bankers at loan signing ceremonies in Budapest. Obviously, had Miss Birman's Fund been around a little earlier, the follow-up to the Rubik cube might have been speedier and less disastrous.

The story with electronic logical games is, so far, very different. The Innovation Fund has, for instance, financed design in Hungary, hardware development in the UK, and some start-up costs for production in Hong Kong, of a computer game, known as the XL25, which Vulcan Electronics of the UK is marketing in Europe and North American. Vulcan says it is planning further projects in the electronic games field in conjunction with the Innovation Fund.

Miss Birman says her Fund has made most money out of an anti-burn spray in an aerosol can, which many Hungarian housewives now like to have in their kitchens. She hopes it will sell abroad, but this means further Fund investment in patent registration and marketing. She is also getting "good financial results" from development of natural cosmetics and creams. Made of crushed sunflower stalks, the creams are supposed to smooth out wrinkles. Perhaps. But certainly the activities of the Innovation Fund are helping smooth out the wrinkles in commercialising Hungarian ideas.

Expertise on loan

BY TIM DICKSON

MORE THAN 40 companies in Wales have displayed an interest in an organisation set up earlier this year by the Confederation of British Industry and the Welsh Development Agency to "lend" management expertise to expanding businesses.

The idea behind Executive Secondment (Exsec), as it is called, is that senior executives are seconded to it by large companies. Then Exsec assigns them to small firms, perhaps two or three at a time, to pass on their know-how.

Six companies are already benefitting from the scheme—an Aluminium Window manufacturer which has sought support to establish new financial controls, a manufacturer of equipment for the metallurgical smelting industry which wants to build a chain of agents in the export markets of South America and Asia, a retail bakery which is overhauling its general management, a glove manufacturer, a kitchen furniture producer and a leatherwork business, all setting their sights on expansion. Exsec is specifically charged to help companies poised for development, not to act as a rescue operation.

"What evidence we have suggests that the scheme is working for both parties," explains George Atkins, Exsec's manager. "The managers are finding life very stimulating and we will be approaching more big companies with the aim of persuading them to use us more as a management tool." To date, Exsec has secured the support of ICI, BP, Shell, Kellogg's, Allied Steel and Wire and Control Data.

Assignments do not normally exceed six months. Companies with up to 150 employees are eligible and—apart from a small charge to cover travelling expenses—the service is free. Further information from George Atkins, Executive Secondment, Treforest Industrial Estate, Pontypridd, Mid Glamorgan, Tel: Treforest (044 385) 2866. Ext. 301.

In brief . . .

PRIZES WORTH £20,000 are on offer for the three winners of a new European Exporter of the Year Award sponsored by Europages and Marketing magazine. The judges will be looking particularly at smaller firms where marketing is likely to be undertaken by the principals of the business. But any individual who thinks his or her expertise and enterprise have made a big impact on the marketing scene between January 1982 and April this year is qualified to enter.

The award will recognise either the most successful campaign aimed at one of the major European markets or the best product innovation—preferably a combination of both.

Entry is by application form, available from the European Exporter of the Year Award, c/o 1 Lowther Gardens, Prince Consort Road, London SW7 2AA. Closing date is July 15.

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"THE RISK Takers"—a series of six articles featuring Britain's new entrepreneurs which appeared on this page last year—has been reprinted in booklet form and is now available from the Financial Times. Copies are £2.50p each. Contact Nicola Banham, Bracken House, Cannon Street, London, EC4. Tel: 01-248 8000.

●

"CASH MANAGEMENT for the developing company" is the title of seminars to be held at the Royal Garden Hotel, London on June 9 and 29. Organisers Deloitte Haskins and Sells, management consultants, and Dun and Bradstreet say the speakers will provide "practical solutions to real life problems." How to obtain the maximum benefit from your bank manager will also be covered by a banking professional.

Dun and Bradstreet, meanwhile, is organising seminars for a fee of £95 plus VAT each on "Effective Collection Techniques" (May 25 and June 16 in London), "Export for Beginners" (today in Birmingham, tomorrow and May 26 in London) and "Understanding Credit and Collections" (June 21 in London, June 30 in Leeds).

Details from Frances Valentine of Isabel Lea, Business Education Division, Dun and Bradstreet. Tel: 01-377 4377.

●

"BE YOUR OWN BOSS" in Royal Berkshire. That is the invitation from organisers of an all-day seminar on June 6, another in the follow up to the Yorkshire TV series of the same name which has been repeated on Channel 4. The Berkshire event at the New Shire Hall, Shinfield Road, Reading, costs £15. Details from Ansel Harris on Reading 585715.

●

THE LAST of the London Enterprise Agency's trio of workshops called "Profit from Promotion" will be held next Tuesday. Knowing how newspapers and technical magazines work and how to prepare and send press releases is a key feature of the workshop. More details from Ray Cobbett, LEntA, 69, Cannon St, London, EC4. Tel: 01-248 4444.

●

THE MANAGEMENT Buy-Out Association, formed last year, is opening its next general meeting to non-members and guests. The meeting will be held at the London headquarters of the Industrial and Commercial Finance Corporation (ICFC) this Thursday. Guest speaker will be Mr Hugh Parker, senior partner in London of McKinsey & Co, the international consultancy group. After his address the association's steering committee will report on recent action and members will be asked to make proposals for future development. Further details from George Bloomfield on Letchworth (04626) 3841.

●

THE FIGURE of £1,350,140 for Yorkshire Bank quoted in the final column ("claims to date") of last Tuesday's table on the Loan Guarantee Scheme was incorrect. It should have been £135,814.

●

OPPORTUNITIES for export to the Islamic World is the theme of a conference for small businesses, individual designers, artists and craftsmen on May 23 and 24. Speakers will include Professor Tom Cannon, head of the Department of Business Studies at Stirling University and Dr Zaki Badawi, director of Islamic Finance House and its Religious Adviser who will speak on "principles of Islamic finance." The cost is £30 plus VAT. Details from Islamic Artpost, 44 Pennybank Chambers, St Johns Square, London EC1M 4DS. Tel: 01-250 3084.

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Management Science America

The story of the largest computer software company in the world, their $100 million success and a guide to their products

MSA–The Software Company

BY PHIL MANCHESTER

A leading IBM researcher once observed that "Software stands between man and the machine." Over the past few years it has become evident that this is a truism and that the software component of a computer system is by far the most important part of that system.

In the past it has been usual for users of computers to either build their own software or rely on some outside agency to build it especially for them. When computers were much more expensive than they are nowadays, the cost of this exercise could be easily absorbed. But improved technology, high employee costs and lengthy development cycles have demonstrated that it is no longer practical to pay for the building of a custom system.

So, a number of companies caught on to the fact that there were general solutions to certain business problems and set about packaging these solutions into software products.

The largest software company in the world has built its expertise by capturing a major share of this market. Last year, Management Science America Inc. became the first independent company to break the $100m barrier in terms of revenue from selling packaged software.

MSA concentrates on the area of applications software — a jargon term to distinguish the kind of packages that it sells from the longer established market for systems software. Systems software is that part of a computer system which controls the way the machine works and usually the user will not be aware of its function. So a package for controlling a company's data files, usually termed a database management system, is systems software.

Applications software, on the other hand, is that applied to the users need directly. For example a software package for producing payroll slips or for processing cash received against invoices is an application package.

There is a further class of packages that are referred to as utilities or tools. These are such things as word processing or electronic mail and could also be called general applications —that is they are applied in the same way by many different users.

MSA has made its name in applications software. Its involvement in this area of business grew out of its historical background as a management consultancy based in Atlanta, Georgia in the U.S.

Formed in 1963, the company expanded rapidly into the area of writing and designing applications systems on a custom basis. By 1969, the company found itself using a lot of its software over and over again—an observation which sowed the seeds of developing packages as products.

At about this time, John Imlay, now chairman and chief executive of MSA, joined the company with a strong computer background from both Honeywell and Sperry Univac.

"John made the decision that the future was going to be in application packages in the services area," explained Michael Hunt, executive-vice president of MSA International operations.

"He put a plan together that allowed the company to concentrate on building applications software. Initially it was general ledger and payroll.

"He also set up a mechanism whereby the employees could buy the company from its original backers," Hunt went on.

Imlay's decision was not entirely unconnected with events in the computer world at large.

Software Market opens up

In 1969 IBM began the process of 'unbundling' its software from its hardware. Prior to this policy change, the software was thrown in 'free' with the hardware. In fact the software was being paid for out of the revenues from hardware, which effectively increased the price of the computers themselves. So, instead of paying for just one item — a computer system — users were now paying for two distinct items—the machinery and the software to make it work. This had important implications for both users and the computer industry because it meant that the user had the choice of buying software from IBM and the other manufacturers who followed the same policy or going to a third party.

IBM's unbundling exercise is generally acknowledged as the beginning of the independent software industry and most of the leading companies in the software package industry had their beginnings at this time.

"Unbundling was part of it and there is no doubt that it gave credibility to Imlay's plan to take the company forward as a package software company," Hunt explained.

MSA, however, was unique at the time in that it chose to go for the applications software market whilst all of the other companies were concentrating on the systems side.

"This came out of the work being done from 1963 up to 1969. The nature of the systems and the contracts was such that they were not delivering systems software, they were delivering applications. MSA's expertise was soundly developed in the applications area."

MSA had a major involvement in building payroll packages for the US market at a time when significant changes were taking place in the legislation governing how people were paid. In some ways this acted as a barrier to international expansion at this time in that all governments have their own ideas on payroll legislation. A system developed in the US would not be appropriate for a payroll application in the UK for example.

But having to cope with constant system changes demanded by legislation gave MSA valuable experience in making packages flexible which stood it in good stead when it finally moved into the international market.

Into Europe

"Around the mid 1970's we started to get some interest from overseas — mostly from Europe. An operation was established in 1977 based in Brussels," said Hunt.

It is surprising that the interest did not come from the expected multinational US companies which had taken MSA's software on their home ground. Hunt reckons it was mainly through US publications like Datamation and Computerworld that European based companies learnt about MSA.

In fact Hunt suggests that many international subsidiaries of multinationals would rather not take the same route as their US headquarters.

Hunt joined MSA from the systems software company Cincom Systems and his first decision, in 1978, was to move the head office from Brussels to the UK.

Hunt based his decision on his knowledge of the Continental European market place which had taught him that there were lots of problems in selling US software. He saw the UK market, with its closer cultural and business connections with the US, as being more appropriate for MSA's product range.

With systems software packages languages differences and idiosyncratic business methods are not a problem as the software is embedded deep in the machine.

With applications software, however, a vast number of changes would be required, moving into the French market. All of the messages produced by the system as well as the report and display screen layouts would need to be changed to fit in with the French language and business traditions. In addition the enormous volume of documentation and training material on the use of the system would require translation to the new environment.

But it was not just the common language which drove Hunt to choose a UK base for MSA's international operations.

"There are some very good people here and the cost of a person here as opposed to Continental Europe is much less," said Hunt. "Even now, despite the increase in value of sterling against Continental currencies, it is still the lowest cost country in terms of people."

The company still keeps the Brussels office as its Continental base and has since then opened an office in Oslo. Germany, one of the largest potential markets however, has been placed in the hands of local distributors.

"We are deferring the point when we go into the Continent. By the end of this decade we will have offices in all of the major countries but we will establish ourselves through acquisitions rather than setting up offices from scratch," said Hunt.

Expansion by Acquisition

MSA has already made significant acquisitions of other software companies both in the US and the UK.

The acquisition route is closely linked with MSA's decision in 1981 to become a public company. The decision brought the company $15 million in cash which was quickly put to use in purchasing a number of key companies.

It bought out its major rival in the UK payroll market — QPac and then in June 1981 MSA moved into the burgeoning market for microcomputer software by buying a neighbouring company in Atlanta—Peachtree Software.

Hunt described the acquisition as being the result of John Imlay noticing inexpensive microcomputer software on sale. "He was wandering around a computer store in the US and saw a general ledger system being sold for $39.95 and since we were selling a general ledger system for $60,000 he got kind of concerned about the price difference!

"That led us to look at the micro market place — we could see that was the area where the most explosive growth was going to happen."

When MSA approached Peachtree, a problem arose, Peachtree had secured a contract to develop a range of packages for a manufacturer and had been sworn to secrecy.

Quite naturally MSA was reluctant to go ahead with the purchase unless it knew what it was letting itself in for.

A few weeks later Peachtree returned with the manufacturer's permission to let MSA in on the secret. The manufacturer was IBM and the secret was the forthcoming launch of the Personal Computer in August 1981.

In December 1981, Peachtree followed its parent company into the UK and the process of changing the US developed software to fit the UK market began. The company contributed £1.5 million to MSA's revenue in its first year of operation and Hunt is bullish about its future both in the UK and through its overseas distributors.

Mainframe/Micro Link

The coming together of a software company specialising in large machine systems for corporate use and a software company specialising in the small end of the market would seem a strange marriage.

But recent developments in the way large computer users structure their systems suggest that it makes a great deal of sense. A trend which began in the early 1970's to distribute computer power to the end user (the application user rather than the data processing department) was given a tremendous boost by the advent of microcomputers. More and more large companies have turned around to find microcomputers all over the place being used to fill the gaps left by the overstretched data processing department. Unfortunately, a single microcomputer does not offer the same level of service that a terminal connected to a mainframe. The next logical step was to connect the micros to the large centralised corporate database.

MSA sees this as its next major step and is in the process of bringing its Peachtree software range into line with its existing software for larger computers. In effect, this means that end users will be able to access MSA packages from their micros as well as using their micros for standard things like word processing and financial planning.

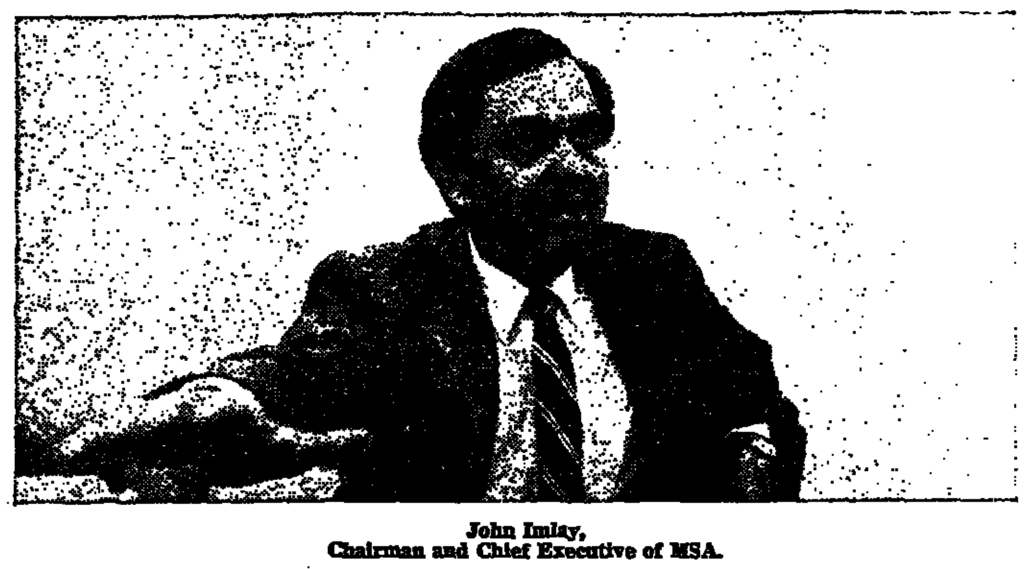
Development

It is no surprise that this sort of software package is extremely expensive to develop and takes a large portion of MSA's research and development investment. According to Hunt, almost 22% of the company's revenues are ploughed back into research and development. In the last 5 years MSA have spent more than $65,000,000 on R and D.

Another large slice of the R and D budget goes on keeping the package documentation up to date. But Hunt sees this changing in the future as the process is automated. "In three or four years time we won't have any manuals—all of the documentation for systems will be built into the computer system. We also see ourselves moving toward remote installation and diagnostics via networks which should reduce the cost to the end user in the long term," Hunt predicted.

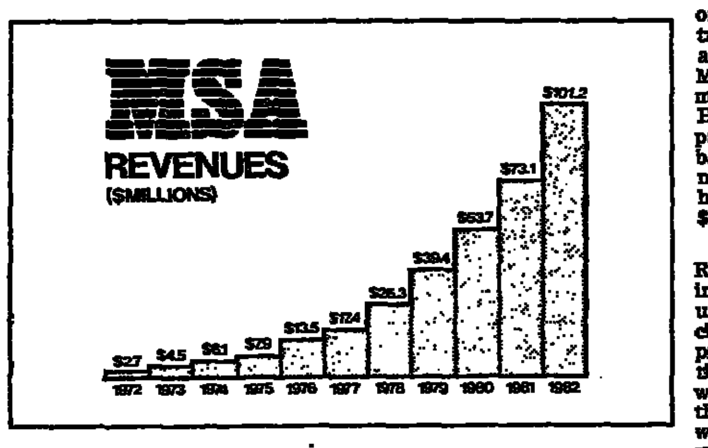
To this end, MSA is due for significant expansion in its home base of Maidenhead including the construction of an advanced education facility with lecture rooms equipped with video and terminals. Hunt proudly boasts that it will be the finest education centre in the country.

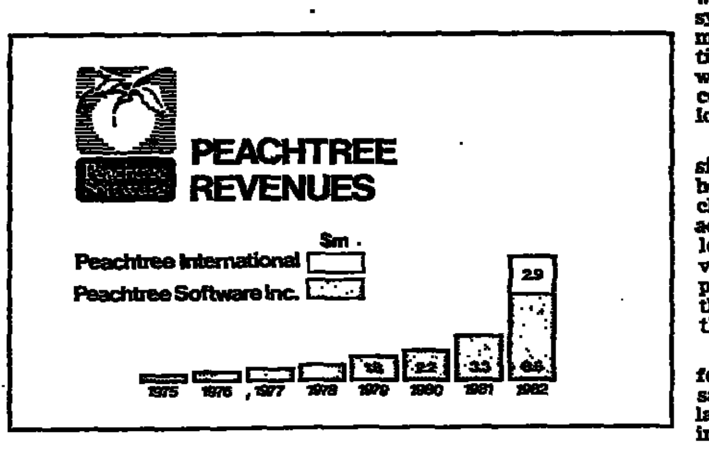
As if that were not enough for one year, he went on to say that MSA could well be the largest employer in Maidenhead in a few short years.



John Imlay,
Chairman and Chief Executive of MSA.

Michael Hunt,
Executive Vice President MSA International.





CONTENTS

A picture is worth a thousand words

BY ROGER COWE, EDITOR OF DATA BUSINESS

Computers have led to a massive growth of data produced in companies. Unfortunately, that data often remains obscure, either in piles of printout, which are seldom examined, or in complex schedules which managers cannot understand.

The challenge for computing now is to enable users to convert their data into useful information. Flexible, user-controlled packages are helping to provide that information. Computer graphics are now beginning to help communicate it.

Every leading computer company now offers users the choice of producing colourful graphs and charts on video screens and printers. MSA is no exception, offering a colour graphics module which links to its management systems. How useful is this facility?

Many managers, at all levels in all sizes of company, find it difficult to understand accounting information, and are terrified by a complex schedule containing hundreds of numbers but no message for them. Accountants, on the other hand, are happy with figures and delight in producing enormous packs of data. Computers have helped them produce even more numbers, more frequently.

Graphical presentation of some of this data can help to solve this communication gap. Graphs and charts convey certain basic messages very clearly, especially with colour. A reader might struggle for some time to discern a trend from a collection of written figures which would be easily spotted from a graph.

An ordinary bar chart can show comparisons between products, factories or customer groups which might be more likely to be hidden in columns of numbers.

Whilst graphs will never replace figures they should become an essential supplement to them in every management information pack. A few good graphs and charts should pinpoint the most important trends, the most significant deviations from plan, and the relative performances of various parts of the business.

There are plenty of suspicious managers who have found to their cost in other areas of computing that developments are not necessarily desirable just because they are technically feasible. MSA promises: 'a picture is worth a thousand words.' Those who use graphics packages for financial reporting are soon convinced that this sentiment is valid, even if the quantitative relationship is a little exaggerated. Those on the receiving end of financial information are likely to be even more enthusiastic.

Few financial directors have bothered to provide their colleagues with such aids in the past, largely because of the difficulty of producing good graphs manually. A bad graph is likely to be less communicative than the original columns of figures. Computer graphics, in contrast, are easy. The MSA colour graphics system offers six different kinds of charts including a pie chart which is particularly difficult to draw manually. Each one can use up to seven colours and 64 pattern shades. The user is led through the various stages of producing a chart by comprehensive messages and options displayed on the screen, backed up by detailed "help" messages which can be called up in case of difficulty.

MSA's customers use graphics in budgeting, in routine management reporting and in analysing payroll and personnel information. But the most common applications are in forecasting and profit planning, where computerised financial modelling has already brought dramatic benefits to financial managers.

Budgeting is typically an iterative process. That is, initial estimates of sales and costs are evaluated and then refined. Each stage of the budgeting process normally involves several attempts at reaching a solution which is acceptable to management, each one requiring recalculation. The further through the process the more recalculation is required and the more difficult it is to make changes in a manual system, because of the time and effort involved in working through all the calculations.

In a computerised modelling system such changes are much more practicable because the recalculations take a fraction of the time they would if done manually. Budgeting becomes much more a matter of analysis for the accountants as the computer takes over the number crunching.

Colour graphics can allow further improvements in budgeting, helping accountants to communicate the results of their analysis to the board or to line managers. Planning applications outside the annual process can also benefit from using a graphics package. Investment appraisal is the most suitable, although cash flow forecasting is another regular task which could use graphs and charts provided through MSA's package, to good effect to communicate the results of its complicated calculations.

Budgeting and planning have been the main applications for MSA's graphics package, but by no means the only ones. Accountants are increasingly using graphics with routine accounting systems such as payroll, purchases, sales and general ledgers.

The use of graphs and charts in these areas could make an even more dramatic impact. They quickly turn what is often seen as mundane bookkeeping data into useful management information. Factory payroll figures, for example, can be charted to show the relationship between and the trends in productive and non-productive hours.

Figures from purchases and sales ledgers can also be graphed to illustrate trends in payment patterns. A slowly-deteriorating debtor/sales ratio may actually be hidden by a collection of figures showing a fluctuating position. But the upward trend will be immediately apparent from a bar chart or graph of the same figures.

Graphics can also bring to life routine reports such as monthly variance statements. Managers are used to receiving regular statements of departmental and company performance, and are used to concentrating on key figures which are particularly important to themselves, to the cost of much of the remaining information. The bottom line matters above all, and there is always the danger that deteriorating trends in the detailed information are overlooked so long as the bottom line remains satisfactory.

A chart showing key margins or expenses compared with budget, on the other hand, offers a stark reminder of what is happening to underlying profitability, even if the bottom line is still acceptable. It helps to highlight individual problem products or expense

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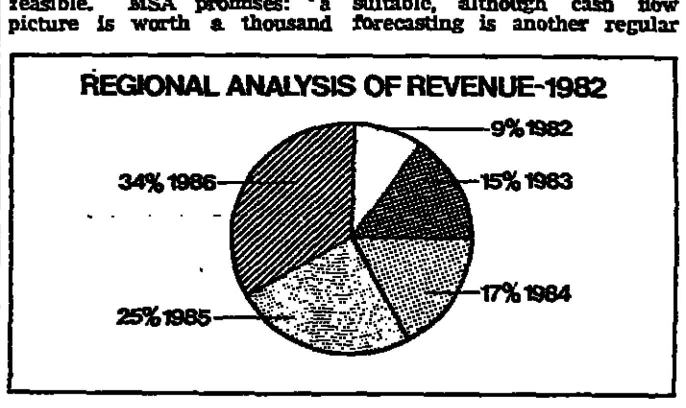
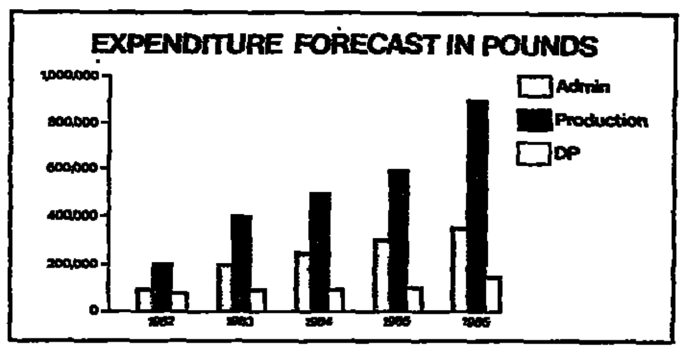




The Package v In-house Approach

BY CLAIRE GOODING

Supposing you were looking for a new car in 1983, how would you go about it? The chances are you would look at brochures, take a test run, and once you'd decided on the make and model you'd settle on the fittings, colour and extras.

You wouldn't consider building it yourself.

Yet oddly enough this is still what some people think of doing for software. The package industry has reached the point where potential buyers can't complain about lack of choice, but there are still companies which consider that their particular way of accounting, *their way of doing business*, is so out of the ordinary that a package couldn't cope. And the problems they give themselves by writing a custom-built system are comparable with the problems you'd have in building your own car and keeping it on the road.

It is true that nearly all companies will have one or two applications which will be too specific to be bought off the peg. Those will need in-house specification and programming, but the days when having a computer meant having a huge team of in-house programmers have gone by . . . . or should have.

In-house development is an expensive game. First there is the expense and trouble of finding the staff with the right experience and once you've found development programmers they are expensive to keep. There are overheads in machine time, and disruption of production programs while new suites of software are written and tested. Often there are tensions when DP becomes an empire of its own and takes on a life somewhat separate from the actual business of the company.

Time can be crucial

Apart from the expense of all this, there is the matter of elapsed time. Time can be crucial in the introduction of a piece of administrative software if it is to benefit the company, and often there are exernal deadlines, such as the introduction of legislation.

"Think of the number of months it should take, and double it," is a well known yardstick in the business of software development. As the largest company in the business of supplying packaged software, Management Science America, known better in the UK as MSA, has gathered plenty of experience in timing software development.

"If you measure the time taken to get use out of a bought-in system compared to an in-house development, the ratio is probably something like six months for a package and two to three years for an in-house development," declares Mike Duff, Marketing Support Manager for MSA.

In Duff's opinion the amount of time taken to get some return value from the investment in software is a vital element in the evaluation. "If you have to wait three years for a working system, it's likely that something will have changed and what you end up with won't match current requirements," he says. "The package solution, on the other hand, takes around six months, including three for evaluation, and another three months for the value to begin to be felt."

Responding to change

Another big consideration when deciding to develop software in-house or buy in a package is the "life-cycle" of software. "The life of a piece of software is rarely more than five or six years unless you've developed it very cleverly" says Duff.

"For example you couldn't just produce a new report, or implement an online screen, without hefty changes."

On the question of support and maintenance the packaged software supplier scores heavily over the in-house developer. For an in-house development the amount of money that would have to be spent on maintaining the software and bringing it up-to-date with changing requirements would be out of all proportion to its long-term value.

When a package comes from a company that is large enough to support its products, any user will benefit from the constant reviewing and updating of the product. "We spend nearly 25 per cent of our revenue on research and development" explained Duff. "Anyone who buys a package from us gets access to development resources beyond anything they could afford internally" he said. "A user is buying a stake in our development process, and that means that he can influence the changes taking place."

One of the ways that MSA gets feedback from its users is through user groups, which can give valuable guidance in the way that users would like to see software enhanced, and therefore have some say in how the R & D budget is spent.

Integrated Systems

An important advantage of buying packaged software from MSA is that there is a common design philosophy behind MSA products. One of the first principles of designing "packaged" software is the same one which governs the design of off-the-peg clothes or a new make of car. It must fit as many people as possible and there must be enough choice *within* the products on offer for them to suit the customer as well as something which has been built specifically for his particular needs.

Perhaps the most important aspect of MSA's design philosophy is that all the products are integrated. "Integration" sounds suspiciously like jargon, but it is important for the future plans of any company. Once you have one accounting package up and running you will certainly want to take another step — sales or purchasing systems, perhaps. In both systems there will be common data, and almost certainly the output from one program will be the input for another.

It is not uncommon for companies who have implemented systems at different times to find that they don't "co-operate". Sometimes programs have been built in such disparate ways that figures have to be transferred from one program to another via hand-written bits of paper.

"In-house developments may perform well" says Duff, "but often the information they deal with proves difficult to feed in to other systems. What we say is, we take care of all that — all the activity sent from accounting to the general ledger programs is right and validated."

Modular Approach

MSA's programs are built as a series of modules. It is possible to use as few, or as many, of the relevant programs as your installation needs, and later expand. The software that is added on will slot in automatically with the existing system, and because of the integrated design the programs will pass information between themselves. The package is following the basic rules of "Double Entry" book-keeping, a credit made in one place will automatically update a debit elsewhere.

However, that simple example doesn't illustrate the main advantage of having one's programs working in harness together. One of the great untapped resources that most companies have is their own data. By treating all the data as one large pool of information it is much easier to see how different company functions impact upon one another.

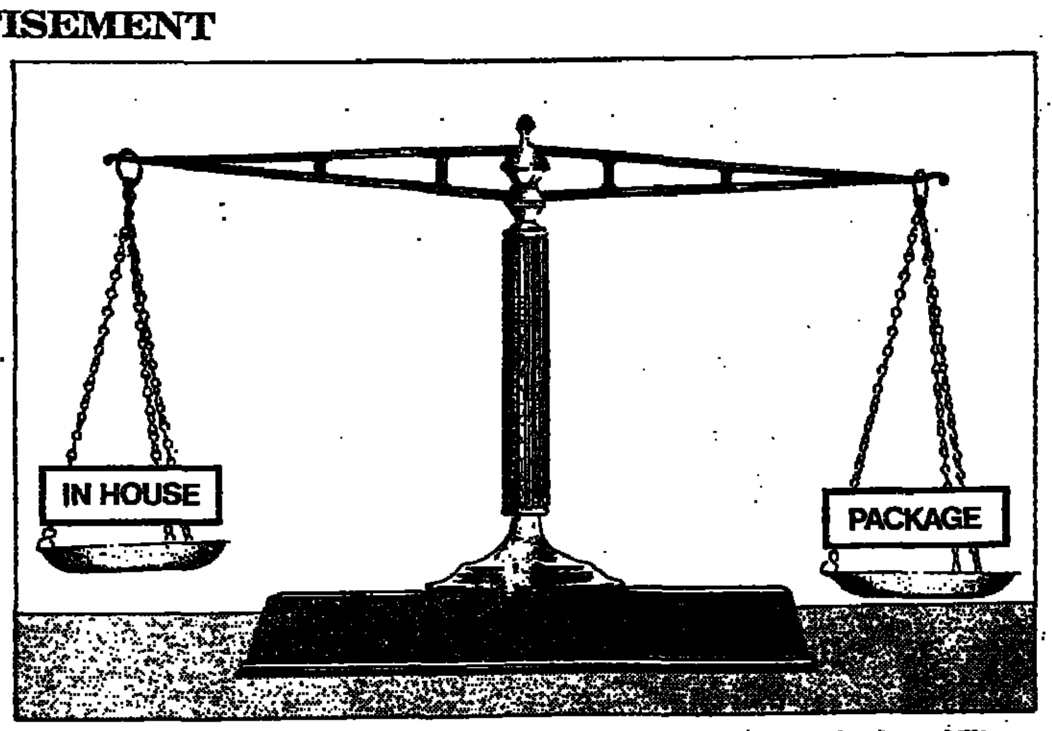
When building in-house systems, it is only too common to treat data as independent "clumps": this is the sales information, this is the accounting data, and never the twain shall meet. File design needs to be flexible, and it is not easy to maintain an overall view of a number of program suites when a busy DP department with ever-changing staff has to keep everything going.

Putting it into writing

Maintenance is probably the biggest bugbear of custom-built systems. Systems houses which cater for the custom-built market put a high priority on documentation, but sadly in-house standards in many DP shops are not so high. Documentation is too often something which is left to the last minute, thrown together incomplete, and never finished because "we know how it works anyway".

This is all very well while the same staff are there tending the software, but what about two years' time? It has been calculated that in-house DP departments spend up to 80 per cent of their time and effort in maintaining existing systems. And it's a fair bet that a good proportion of that time is spent understanding how the coding worked in the first place. The more times a piece of code is changed or updated, the more difficult to maintain it gets, especially as documentation is rarely kept up to date. One man's whizz-kid coding may be another man's nightmarish tangle: In-house standards, however strict, rarely cope with this sort of problem.

No packaged software company can afford to neglect documentation. Proper documentation is a skill of its own, and seldom left to programmers in professional software products houses. For software suppliers it is a necessity, since if they do not supply good



documentation they will carry a constant overhead of support as clients ring up demanding help over some routine task which simply isn't explained properly.

Documentation is also a vital part of training staff to use a new package, and this is a function which, unlike some software houses, MSA likes to have a hand in.

Training is often a hidden overhead, and for an in-house developed system it can mean that precious resources which should be spent elsewhere are frittered away training other employees to use a piece of software, and helping them out of scrapes when they make mistakes.

Complete Support

When MSA installs a package it also offers a complete training service for the users who will be working with the software as well as that vital post-sales support.

In short, the software supplier provides a complete support service. MSA Divisional Support Manager, John Winnington explains the four main areas of support like this:—

"We talk to all levels, from programmers to financial directors, and during the pre-sales period we will get involved with the DP department working out what disk devices the customer will need, what configuration will be required, and how much running time the package will need.

"Then there is the installation — not as easy as some people think. It's the task for a technical consultant, because while it might take only three days to install a batch and online general ledger, one has to make sure that it keeps on running."

"Once a package is installed we run a host of courses for customers. Our support groups deal with all the training and education at various levels.

"Post sales support is the last area. Typically we get calls through telephone support between working hours of 8.30 to 6.00 and the front line of the application support team decides whether it's something simple or needs specialised attention. We have to have a priority system for problems, especially when we're dealing with companies depending on us for their cash flow. Sometimes we supply on site support, but that rarely happens as we usually manage to get the right information over the telephone."

MSA has a team of 45 support staff at its UK headquarters in Maidenhead. Their tasks include the maintenance and routine support as well as adapting MSA's internationally used software to circumstances, such as SSAP and SSP regulations, which apply specifically to UK users. Most of the consultants on the applications side have an accounting background, while on the technical side MSA has recruited senior systems programmers with in-depth knowledge of CICS, DL/1, JCL, various language compilers, VSAM and other IBM systems software — a combination of skills rarely to be found under one DP roof, and not one that most in-house DP departments could afford.

An international capability

MSA's international network of sales and support centres carries out similar tasks in each country. An international company which buys MSA software will find that the software and its data is portable between systems, which helps when it comes to international accounts consolidation, but at the same time the individual accounting practice of the host country are catered for.

Given these convincing reasons why a company should look for a packaged solution to general problems like accounting, it's tempting to think that MSA might be able to solve all the problems a company encounters. While it's true that MSA has a very wide range of software, and has committed itself in some cases to be "sole supplier" of applications, it's important to realise that MSA is not in the "turnkey" business of supplying specific answers to *specific problems*.

But it does play a part in the more specialised software a company has to produce from time to time. It is this kind of job on which the in-house DP staff should be able to concentrate their energies. For one of the hidden benefits of using a package is the comparative freedom such a solution bestows on the in-house staff. With an outside company like MSA taking care of the whole development and support effort of financial programs, clients, own DP energies can be directed at tasks directly involved with the company's raison d'etre.

PACKAGES AVAILABLE FROM MSA

General Ledger
Accounts Receivable
Accounts Payable
Purchase Order Control
Foreign Exchange
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Inventory and Purchasing
Fixed Assets Accounting
Capital Expenditure
Tracking International
Payroll and Personnel
Mainframe/Micro Link (Executive Peachpak)
Manufacturing Systems

Extra Options

Easy Screen
Easy Plan
Graphics

If you would like further information on any of the MSA packages please fill in the coupon on Page 4 of this supplement

How Management can evaluate financial accounting packages

BY GUY DIVISON, District Manager, MSA Benelux

There are big differences between the Financial Software products available on the market today: it is a minefield for the unwary. These differences must be recognised and assessed if you are to make the right decision for your company and the importance of which cannot be over emphasised. Several packages may appear the same, but no two are really similar.

It would be easy if you had a team of expert Accountants and Data Processing, with many years of experience in selecting packages and, if they had several months to carry out a detailed study.

Unfortunately, a wealth of resources is rarely available and time often limited. However, there are methods you can use to perform a quicker evaluation, and achieve the right result. The problem is how do you judge a software package—which criteria do you use and who do you involve? This article explains why the decision is so important, identifies the criteria for quick evaluation and suggests that top management need to be involved for some of the assessment time.

Investment Lifetime

The lifetime of the product will vary considerably from one package supplier to another, and your economic justification should reflect this difference. The right package should provide a long-term solution. Any company who has experienced the move, from one Financial system to another, knows well that it is something they would rather have avoided—to put it mildly! So the first step is to find the product with the longest lifetime.

WHAT DOES ONE LOOK FOR?

— The vendor with financial stability and with a large Research and Development budget from both a percentage of business and value viewpoint. One who specialises and to whom Financial software is an important (and major) part of the business is a preferable choice.

— The vendor who has full marketing rights for the product and not purchased the software from another supplier. Or sold the rights of the product in any circumstances. Put simply, the ideal is that the supplier has developed the system and has retained full marketing rights. This latter point also demonstrates the value of the product to the vendor, and his confidence in the lifetime of the product.

— The vendor that has a proven ability to evolve the product through different technical advances. It is more important to find the vendor who can demonstrate this evolution than to find a vendor who has recently developed a system, but has no proven ability to evolve the product in the future.

— The product with good design concepts. Accepted and proven Database concepts—such as *single storage of data* and data independent from organisational structure—are in fact, rarely found even though a database manager may be used. These concepts are the most important criteria, especially in a package environment with which to achieve a flexible system which can be maintained over a long time-frame. Other important design *standards which will give a long* lifetime are modular programs, structured systems and programming design standards, and segmented data.

— More functions than you need today. Any company will need more than it thinks and requirements will change. If a package has more features than you believe you need, remember a system evolves and includes more facilities in response to its existing customer base. For example, rarely should one evaluate a General Ledger System without including budgeting as a required function. Many companies, several years ago, did so and selected the cheapest package (i.e. the one with the least functions). The problems facing them of now changing to a more powerful package or of having budgeting not integrated, are considerable. If you do not need the function in the short term, make sure there is little or no overhead if you do not use it, i.e. if you do not need budgeting in the first phase, make sure you do not have to reserve file space for budget data or have to use programs which are for budgeting. That is why segmented data and modular programs are important.

— Additional accounting packages. Whilst you only need one accounting system today you may find you need to implement others in the future. Such implementation is much simpler using the same vendor. The vendor you choose should be able to satisfy your future systems requirements and provide an integrated solution. Involve top management and consider your accounting needs for the future.

— Flexibility in the Data Processing environment is also important. You do not want your Financial Applications to dictate your operating system, database manager or teleprocessing monitor. When you need in the future to upgrade your computer operating environment be sure the vendor has, currently, the next likely version that you may need.

Your investment is considerably more than the cost of the software

For any system (in-house built or package) your Financial Department will devote considerable effort over the years to maximising its use. The variance in the productivity of the Financial Department in using different systems will far outweigh the difference in cost between them. So find a system that is easy for the user to *understand*. This also infers *one* which is straightforward from a Data Processing Solution—you are not offsetting one against the *other*.

— The vendor should be able to demonstrate that they have Accountants involved in the design of the systems to ensure they are user-friendly and will perform the functions the user requires.

— Find references even if only by telephone to demonstrate that Accountants are using all the so-called "user-friendly" report writers.

— Look behind the feature of the system. Ask how the system does that? It should be the system that does the work, not the user. Any hint of having to duplicate the data onto another file or if a complex function is satisfied by a report writer, as opposed to a purpose built program, it is an indication that the user must do the work.

Finally, it is also important to say how not to evaluate. Be careful not to get caught in detail where it is impossible to determine whether it is a good or bad point. For example, one package may have 100,000 lines of program code and the other package 130,000 lines. From that one could make the following assumptions:

— The package with 100,000 lines is more efficient and therefore better.

— The package with 130,000 lines has more comments, for ease of programming change (30,000 lines may be comments), and is therefore better.

— The package of 130,000 lines must have more features and is therefore better.

Obviously it will take a considerable time to find out which is true but there is a strong likelihood that the package *with more code is more powerful* in terms of functions. However, a vendor with a less powerful system will naturally *try to use the first argument of efficiency*.

Similarly avoid drawing conclusions from statistical surveys, where the questions asked are ambiguous and are comparing different situations. If you use statistical surveys, use them wisely. See if the question was posed in an unambiguous way, the sampling was realistic in volume, like entities being compared were within similar environments. Remember, there are "Lies, damn lies, and statistics!".

Also, be careful not to correlate incorrectly. For example, a system written a long time ago but which has evolved due to a large Research and Development budget will, due to the vendor's experience, probably be the most modern in concepts. So old or high release numbers certainly do not necessarily imply inefficient, not state-of-the-art, etc. Often it is the contrary.

The moral is do not look for easy ways out of a detailed *study (i.e. comparing lines of* source code)—there aren't any!

To find the best package, involve your management, use the straightforward criteria explained in this text, and understand fully what each vendor tells you. If the vendor cannot explain these straightforward criteria in a manner that management understands, then get suspicious because *remember you are not asking* detailed questions. Or if the vendor tries to pull you into the detail when you do not ask for it, get suspicious. Keep the evaluations at a level that you can comprehend and therefore be in a position to "test" the vendor.

If, as top management, you need to make a decision in a short time frame, then some quick *hints to assess the best* system are:

— Visit the head office. Ask for a half day presentation and tour to see the environment and meet the vendor's top management. You will answer 80% of the previously mentioned criteria in 20% of the time.

— The widest used package on a worldwide or continental basis will normally offer the best investment. However, verify that within your country there does exist a customer base, that local requirements can be met (language, tax laws, government reporting, multiple currency, etc.) and that local language support can be provided. Be sure that the supplier will be able to provide systems for your future needs and gives a fixed price for the software, installation, training and support.

Whichever of the above methods you choose, it is important to write a check list of the criteria for the above text before you visit the vendors. Try to limit yourself to the leading vendors in the market with proven products. Remember if Software has 3% errors, it does not run at 95% efficiency, it may not run at all! Do not take the risk, use the respected vendors, let someone else "test" the new products.

The MSA Manufacturing System

BY ROGER WOOLNOUGH

Managing a manufacturing company can be like juggling blindfold on a one-wheeled cycle that is running away downhill: things can get out of control very quickly.

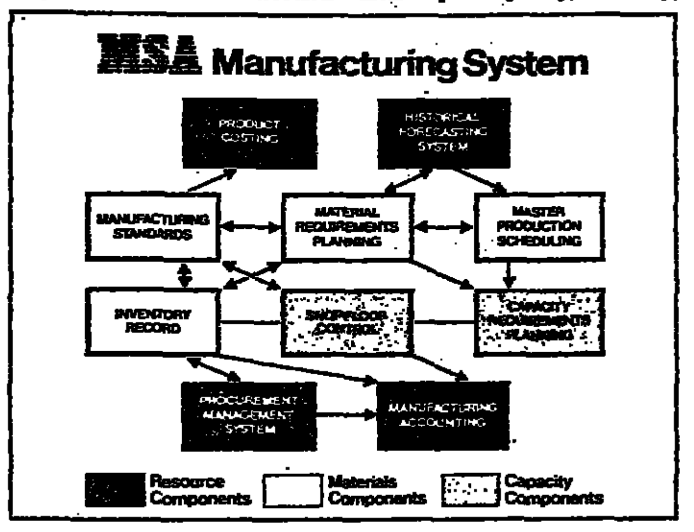
In the past, industry has kept some of the problems at bay by allowing the different parts of a company to look after their own concerns. Marketing has collected orders without much reference to production capacity. Inventory has been built up with little regard for likely shop-floor demands. Accounts have trailed along behind, collecting payments for work carried out months before.

Managements which have tried to get a grip on the situation have usually found they have either too much information or too little. And when adequate data does exist about one of the company's activities, it is rarely in a form which can be readily combined with data from another department.

Computers have been applied to manufacturing problems since the fifties, but it is only recently that it has become possible to handle the more complex situations with any degree of confidence. This is partly because much more powerful computers have become available at lower cost. The real key, though, lies not in hardware, but software.

It is the development of software, specifically designed to handle complex manufacturing situations, which is giving managements the chance to regain control of their operations. So great is industry's interest in these developments that the purchase of manufacturing software is expected to lead all other segments of the software market over the next five years, with growth running at about 30% a year.

"Manufacturers are looking for any method that will help them improve quality, efficiency, resource management, and customer service," says John P. Imlay, Jr, chairman and chief executive officer of Management Science America Inc.



MSA entered this important sector of the software business last year when it acquired the Arista Manufacturing Systems Division from Xerox Corporation. Arista—now known as the MSA Manufacturing System Division—has 100 customer installations and a staff of 70 experienced manufacturing people.

The logic of the acquisition for MSA lies not only in the fact that this is a high-growth market, and that 40% of MSA's existing customers are manufacturers. It also opens up the possibility of linking manufacturing software to MSA's financial software, so that there can be a "closed loop" between company activities that normally remain separate.

The MSA Manufacturing System is an example of MRP II, the generic term for a system of software tools which are used to plan and monitor all the resources of a manufacturing company. Following the modular design of MSA's approach to MRP II, users can implement the system in stages. The software has been designed to run on IBM 360/370 computers, the IBM 303X, 308X and 4300 series, and equivalent IBM-compatible systems.

MRP II grew out of MRP, or Material Requirements Planning, a technique whose main purpose is to ensure that orders and inventories are kept in balance. But the range of facilities covered by MRP II is so much wider than MRP that the meaning of the initials has been changed to Manufacturing Resource Planning.

In the MSA Manufacturing System, there are 10 modules which together represent MRP II; only one of these modules relates to Material Requirements Planning, the original MRP.

Implementation of the system is simplified by the fact that the 10 modules are arranged in three groups—the Materials Components, the Capacity Components, and the Resource Components (see diagram). These components, or modules, can be implemented progressively, and it is not essential to adopt all of them.

The Materials Components are the four basic modules—a Manufacturing Standards, Inventory Record Control, Master Production Scheduling, and Material Requirements Planning.

"The Manufacturing Standards," explains David Anderson, a Manufacturing Systems Consultant with MSA, "answer the question 'How do we make our product, and what does it contain?' If I was a manufacturer of telephones, for example, it would tell me every single part I needed to make a telephone. It would also tell me the steps to assemble these parts into a telephone."

The Inventory Record Control module answers the question "What do we need to make it." It records the stocks of all the various items a manufacturing facility holds, and also balances the demand against supply. "It takes the orders coming in," says Anderson, "consolidates them, and then ensures there are enough supplies to meet this demand."

Master Production Scheduling deals with the question "What do we want to build and have we sufficient resources." It provides a rough cut of capacity planning, and allows the user to adjust production against the resources of manpower, facilities, equipment, and money.

In practice, the questions follow the order "What are we going to make?", "What do we have to make it?", and "What do we need?" The answers to these questions, provided by the first three modules, are used by the fourth module in the group, Material Requirements Planning. This calculates the materials that are needed: it produces an inventory plan which is based on the production schedule, created by Master Production Scheduling, and on the manufacturing bills of material.

"Some people install only these four modules, the Materials Components," says David Anderson. "But even if they stop there, the benefits are considerable. Work-in-progress is lower because you are planning supply and demand. This means reduced inventory, but also a reduction in lead-time. Manufacturing costs are lower, and there is an increase in productivity. But because you have things under control, your ability to deliver on time is greatly improved."

MSA does not hide the fact that these benefits may not be achieved easily. The manufacturer will probably have to reorganise his internal procedures, and implementation times will vary depending on the state of a company's efficiency at the starting point. Often informal systems have grown up over the years, and these have first to be formalised. It could take one company two years to install two or three modules, but another might be able to introduce several in little over a year.

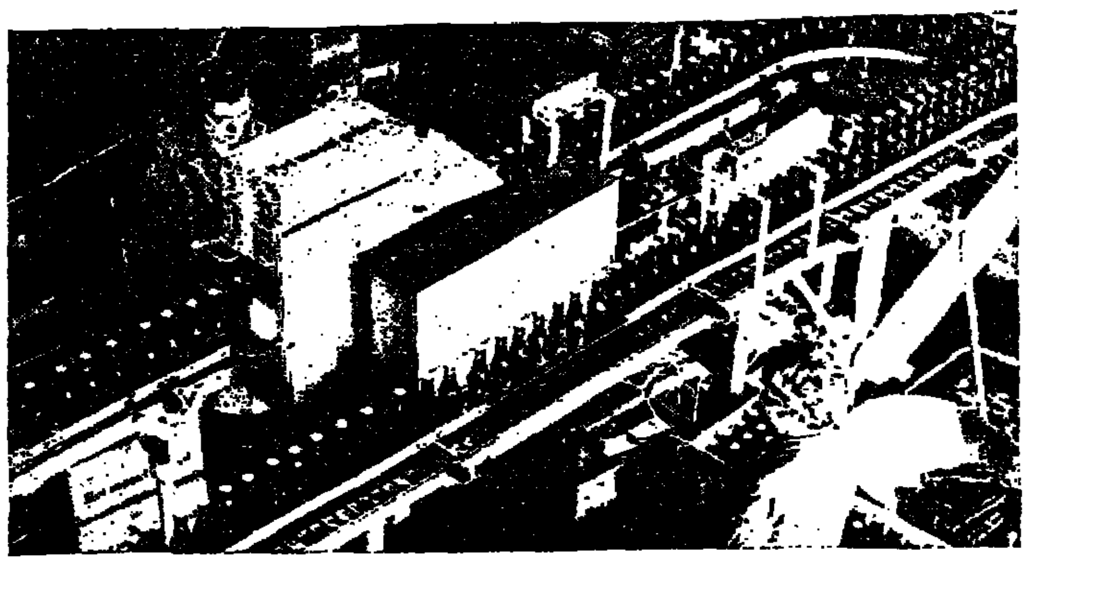
Once the Materials Components are in place, the manufacturer can move on to the next set of modules, the Capacity Components. One of these, Capacity Requirements Planning, sets load against capacity and highlights those areas where a conflict exists. As well as showing the way in which orders will have an impact on manufacturing resources in the short or medium term, Capacity Requirements Planning can also assist in determining long-term strategies. For example, it can indicate when to invest in new equipment.

The other module in the Capacity Components is Shop Floor Control, which answers questions about how a manufacturer is performing against plan. It schedules only that material which the shop floor needs for current production, and so helps material to flow through the factory smoothly. Despatch reports are used to show the order in which operations are to be worked on, their reporting location, and the next movement on the shop floor.

The final group of modules, the Resource Components, are being developed by MSA, but two are already available. Historical Forecasting is a module which is best suited to companies which have to control spare parts supply, such as automotive manufacturers. It is concerned with the creation and maintenance of historical demand information as a basis for forecasting.

Another module, Procurement Management, helps to control the purchase and receipt of material. A third module, Cost Management, is still under development, and will be divided into two areas. One of these is product costing, which will determine the total cost of a manufactured item. The other is manufacturing accounting, which will analyse manufacturing variance resulting from different circumstances.

Extensive though this line-up of software is, MSA is the first to recognise that manufacturing industry is full of sceptics at all levels—and, indeed, there are enough MRP II "horror stories" around to give the critics plenty of ammunition. The thing that emerges most clearly from the



installations which MSA has undertaken in the United States is that total commitment, from top management to shop floor, is essential if MRP II is to be implemented successfully.

One of MSA's most successful customers decided to introduce formal manufacturing systems at 12 of its 39 plants in the United States.

The managers who pushed for the introduction of MSA's system had to "sell" the concept within the company at all levels. This having been achieved the project team selected the plants at which it was to be first introduced carefully.

Even so, things did not always go smoothly, because of the magnitude of the task.

The eventual benefits, though, have more than justified the initial act of faith. The programme required an investment of over $1 million a year for four years, but management now says it is saving about $2 million a year as a direct result of MRP II.

In one distribution centre, the accuracy of inventory records improved from 69% to 86%; internal deadlines were met in 90% of the cases, compared with 71% before MRP II. Two big retail customers of the company's consumer division were receiving only half of their deliveries on time. With MRP II, the division is now achieving 90% on-time deliveries and the value of inventory has been reduced by $17 million. The eventual aim is to cut inventories by $30 million.

Another American company using the MSA Manufacturing System found that the introduction was less traumatic, but the benefits were just as great. This company has been able to reduce its inventory by 10%, but it estimates that customer service has improved by 25%.

Before installing MRP II, it was typical for this company to start each month with only 60% of the parts it needed, and very few of the rest readily available. As a result, productivity was poor and deliveries were often late. Now over 96% of the parts are on hand at the start of the month, and the remainder are scheduled to arrive by the time they are needed.

David Anderson stresses that the MSA Manufacturing System is flexible enough to be adapted to different types of industrial activities, which can be classified as "engineer-to-order," "make-to-stock," and "assemble-to-order."

"Engineer-to-order," Anderson explains, "describes the work of a specialised manufacturer who will make one item—say something like a generator for a power station. These are people who work to very long lead-times."

As an example of make-to-stock he quotes consumer durables, such as washing machines. The main objective is stock replenishment, and if a manufacturer does not have the stock in place, in the warehouse or in the shops, it will never be sold.

"The assemble-to-order environment, on the other hand," Anderson continues, "is an industry where there is a standard product, but the customer specifies various options—like the motor industry. There the main concern is to satisfy customer demands.

"All these types of industry can make use of the standard manufacturing packages. Everyone believes he is different, but the software is sufficiently flexible to suit all these varying environments."

Eventually, the benefits of MRP II can extend far beyond the shop floor, and embrace the financial management of the company. The closed-loop system, which integrates the financial functions with manufacturing, has been a topic of discussion for some time, but it is still in its early stages.

"The link to the financial system is under active development at MSA," says David Anderson. "We have the components, and people are working on a project to provide the interfaces that are needed for closed-loop operation."

An example of closed-loop in action could be the issue of a purchase order by MRP II by the manufacturing department. When the goods are received, the value of the purchase is transferred to the accounts payable system, and from there into the general ledger.

On the final day of an accounting period, information such as inventory values can be taken from Inventory Record Control, and the work-in-progress figure can be fed direct into the balance sheet.

MSA expects that there will be benefits to the user in his having a single source of software for both financial and manufacturing requirements, covering both mainframe installations and the links between mainframes and micro-computers.

"In the future," predicts David Anderson, "everyone will be working to the same plan. There won't be a production plan, a marketing plan, a purchasing plan, and a financial plan. Everything will be integrated, and information from one department will interact with that from another.

"The benefits will be real and measurable, and those companies which don't go that way will find they are no longer competitive."

The complete solution to single source, major business application requirements.

IBM SSX and MSA System 43

BY KEVIN TOWNSHEND

In the past, powerful IBM computers cost millions of pounds and needed small armies of highly trained systems and applications programmers to use them. But during the last ten years three continuing factors have conspired to alter this. While the power of computing technology has increased dramatically, so the cost of producing that power has fallen steeply. All this has happened against a background of steadily, and sometimes frenetically, increasing labour costs.

A fourth development can be seen in the continuing trend towards decentralisation; a trend that demands more, but smaller, processors distributed throughout a company's various locations, and all linked together by sophisticated communications facilities. The result of these constraints has been the creation of a computer market far removed from that existing at the time of IBM's original rise to computing pre-eminence. Today, many more, and often smaller, companies can, for the first time, afford to take advantage of modern technology: but far fewer of these companies can afford the traditional DP department. So, while it was simple for IBM to enter this market by producing relatively cheap but powerful processors (the 4300 series), these machines alone would not be sufficient to persuade the new buyers to choose IBM equipment. The answer was clearly in improved software.

Historically, IBM has considered itself a hardware manufacturer, and not a software supplier. It has always been inclined to co-operate with software specialists (as it did with MSA during the development and testing of System 43), for the production of end-user applications packages. Where it has seen its own software role has been in the development of systems software, operating systems and related software. Here IBM naturally felt that nobody but the hardware manufacturer could truly make full use of the hardware facilities. But, clearly, the systems software designed for the old, large, centralised and extensively staffed DP department is not sufficient for the new market, where the businessman simply wants a computer to help his work, and not to absorb his energies.

The first signs of the new approach from IBM became apparent a few years ago with a partially pre-generated system which was simpler and faster to install than a traditional system. This concept was taken a stage further when, in November 1981, IBM announced new versions of the 4300 series computer together with a new operating system, SSX/VSE (or Small Systems Executive/VSE). It is a system designed to allow quick and effective installation and operation by unskilled personnel.

SSX has its own installation menus and prompters, automated start-up procedures, back-up and restore aids, and comprehensive "help" facilities to assist administration, application development, operation, and problem determination. And it fits into precisely that dual market that has been developing during the last decade:

- As a stand-alone processor for the user with limited data processing skills to use as an application machine, with software from such third party suppliers as MSA. If this user outgrows his SSX system, he knows that he can migrate to a full function VSE/SIPO/E system with complete upward compatibility for his applications.
- As a local processor for the large user with multiple locations. In this sense, SSX provides an effective means towards the decentralisation of large systems, with 4300 machines and their comprehensive SSX networking facilities providing the distributed processors.

SSX, then, can be seen as IBM's offering for the new user in the small and medium-sized business range. It makes entry into IBM mainframe systems simpler and more effective than ever before. And it is against this background and for this system that MSA has produced its full line of business applications software:

SYSTEM 43 from MSA

Working with IBM, MSA participated in pre-release field testing of SSX. The result of this co-operation, System 43, is designed to take the 'programmerless' concept of SSX one step further by providing fully integrated applications software specifically for the IBM operating system.

System 43 provides a complete range of easy-to-use MSA business software, including General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Inventory and Purchasing, Forecasting and Modelling, and Payroll and Personnel Reporting. Through the on-line access provided by the system, management information is quickly available to financial executives.

It is the first comprehensive software system that is able to provide easy-to-use accounting controls that complement the new user-interface available with IBM's SSX. Each of the nine components are interfaced to provide complete control over all of the accounting functions of any company. All are interactive (to provide the convenience of online enquiry and update), and fully integrated (to minimise redundant processing and data entry). But above all, System 43 adopts the same 'user friendly' approach that was instigated by IBM and SSX. This has been achieved by the development of installation aids specifically designed to integrate with the SSX concepts. The user is guided through the whole process by a series of menus and prompts.

Once installed, System 43 continues to be easy to use. A new MSA Job Submission Prompter will lead the user through all the available facilities and options, completely isolating him from the more technical aspects of the already easy-to-use SSX. Even the maintenance procedures have been simplified: all routine maintenance can now be carried out by the user, guided by prompts from the system. And finally, to ensure that there can be no mistake, MSA provides one of the most precise, step-by-step instruction manuals ever produced.

The entire concept of System 43 is to provide a single source for all the major business applications packages required by the new user of SSX-based Series 4300 IBM computers. It does not matter whether the user is a new and inexperienced entrant into data processing, or a more sophisticated organisation requiring distributed systems: IBM hardware with SSX/VSE systems software, together with MSA's System 43 applications packages provide the complete solution.

Elopak plant in Netherlands.

Elopak proves speed and ease of use

If the proof of a pudding is in its eating, then the proof of software is in its use. MSA's System 43 is designed to continue the concepts of IBM's SSX operating system by being both easy to install and simple to use. But it is practice rather than words that prove the point. Recently, the claims of both MSA and IBM were put to the test by the world's first combined SSX and System 43 installation. Both passed with flying colours!

The company concerned is Elopak Nederland BV, a multinational company that manufactures liquid packaging cartons (you may find the milk in your local supermarket sold in Elopak packages!). But the interesting point is that the SSX installation was completed by employee Cornelius Luking, with no prior systems programming experience, in less than one hour; while System 43 was installed and operational within another 5 hours. The entire installation was effected in a single working day by internal staff with no more computing experience than the use of small office computers.

The decision to buy MSA's System 43 and IBM's 4300/SSX was really the natural result of the requirement specification laid down by Elopak's president. Sven Aamodt, the EDP Manager at the company's head office in Norway, explained. "We chose IBM because we were primarily looking for an investment for the future. We therefore needed a supplier with excellent support facilities throughout Europe, and also one that we could guarantee, as near as possible, would not disappear overnight! The added requirement for growth potential without future conversion finally convinced us that IBM was the answer.

"From here," he continued, "our prime requirement for system software again included future growth potential coupled with advanced communications facilities. And," he added, not asking for much, "we did not want to become reliant on the expertise of an internal systems programmer." With such a requirement, there is really only one contender: IBM and SSX on a series 4321 computer.

These same requirements were then applied to the applications software: easy to install and easy to use with advanced communications capabilities, and all backed by a thorough support service throughout Europe. Again, only one real contender emerged: MSA as the supplier, and System 43 as the software. The end result is the investment for the future that Sven Aamodt was looking for, and the complete implementation has been repeated at other Elopak sites in Germany and the UK.

"Our systems," he says, "can grow with us. We have a single computer model (4300) and a single operating system (SSX). We have just one hardware supplier (IBM) and one software supplier (MSA). And in the future we have the option of introducing CICS to CICS communications for a fully integrated distributed network." All of this without even a systems programmer—a prospect inconceivable just a few years ago!

Managing foreign exchange exposure

BY PAUL GILLETT MSA

Whenever a currency is devalued, especially if unexpectedly, the unwary company can suddenly find itself exposed, with anticipated healthy profits dramatically reduced or wiped out altogether. If downward trends are not spotted and exposures not accurately monitored and covered considerable losses may be incurred, almost by default. Reducing this risk of foreign exchange losses involves not only a knowledge of currency markets and the ability to maintain consistent data, but active management of the exposure itself. In most cases accounting for the traditional translation and transaction exposures on their own are no longer enough, and a much broader perspective is needed. Subscribers to the Keynes school of thought will consider transactions as starting at price list or tendering time, and will need to recognise currency exposures arising right from those initial stages of the sales cycle. Companies adopting the "economic" approach on the other hand will want to link exchange risk with future cash flows.

What is certain is that in today's climate any company trading in foreign currencies directly or through subsidiaries needs a good centralised system for holding its foreign exchange information, helping make investment and fund-positioning decisions, and accurately predicting currency cash flows. In short, an efficient means of managing and reporting on foreign exchange exposure is required.

The MSA online Foreign Exchange System helps companies maintain and track foreign exchange information, and performs the critical function of monitoring fluctuations in the currency markets. As a stand-along treasury system it can help make investment and borrowing decisions, hedging decisions (it shows the alternatives available and their effects on the "bottom-line"), and forecasting decisions that reflect inflation. It provides current and historical inflation rates, giving trends in the world economy.

It can also act as a central pool of foreign exchange information for other application systems, helping to maintain invoices, recognise liabilities, receive cash and generate reports in any currency. The system can convert amounts directly or through a third or common currency.

A Treasury Decision System

The Foreign Exchange System has complete online inquiry facilities. If an average, forward or spot exchange rate is needed or if the market situation on a business day is required, the information is there immediately. Interest rates for a particular currency can be quoted over time, which may be useful when thinking about buying or selling that currency. An alternative screen shows interest rates in the world market for a selected day.

Inflation rates or trends can play a key role in developing a pro-forma report, or forecasting or budgeting for a subsidiary, and the Foreign Exchange System can give trends over time and the inflation rates during a particular period for all relevant locations. Knowing when banks or businesses are closed can help in planning funds transfers and in letter of credit negotiations, so the system can store information on all world holidays.

The system also calculates transpositions of exchange rates, cross rates, forward points and forward rates. Average rates, for translation or consolidation, are instantly available.

The effects of standard hedging options — borrow/spot/invest, swap, forward swap, forward contract and the like—can be readily evaluated. Based on the spot and interest rates, the associated cost or earnings of each selected action is displayed on a screen, enabling the most favourable one to be quickly identified.

An Interface System

The MSA FX interface communicates information to other application systems as they request it. It offers a variety of ways to retrieve foreign exchange information, convert amounts and format them for printing.

When linked with the FX System, MSA's Accounts Payable and Accounts Receivable together provide the complete international cash management system. They can efficiently process invoices in any currency, produce reports showing both foreign and local equivalent amounts, record cash receipts, make payments in any invoiced currency and calculate realised gains and losses when currency items are settled. Unpaid items can be revalued at any time and bookings to general ledger can be created in compliance with regulatory requirements.

Hedging decisions are aided by reports showing foreign currency liabilities and anticipated inflows, and others give a detailed picture of the whole foreign currency exposure. FX can also interact with the MSA General Ledger System, enabling it to accept transactions in any currency and to convert transactions to be posted to one or two sets of books.

The MSA Foreign Exchange System holds a wealth of information to assist in the active management of foreign exchange, giving the corporate treasurer greater control in that most vital risk management area. Whether it be for the company with a little export business or the multinational dealing in money markets around the world, it provides the essential management tools for optimising profitability in all foreign currency transactions.

Cont. from Page 1

areas which might be overlooked within the overall position depicted in columns and rows of precise figures.

These applications are not only available to corporate management who have the benefit of mainframe computing. MSA's software link between mainframe and micro-computer also opens up these management tools to small units and subsidiaries with only a minimal investment in computing hardware.

The ultimate dream of the graphics suppliers is of a terminal in every boardroom, with eager directors grouped around the screen examining its graphical information to arrive at their decisions.

But UK boardrooms are more resistant to computer terminals than the suppliers might wish and for the time being at least the fun of producing colour graphics is still likely to go to less senior managers. This is not necessarily unfortunate, since considerable skill is necessary to produce good graphics and a chart produced in the heat of a boardroom tussle will not necessarily show the message the figures convey.

Complicated charts with too much information mean little to anybody except those who produce them, for example, and the wrong scales on the axes of a graph can distort the relationship depicted in it.

There is no doubt "every picture tells a story" but it would be unfortunate if computer graphics were to embellish the damned lies of the statistics they ought to clarify, by telling the wrong story.

ADVERTISEMENT

The Mainframe Micro Marriage

BY STUART WALSH, DIRECTOR, MSA

The need for financial information by company management has been a major catalyst in the evolution of dispersed computing techniques. In recent years we have seen the move from batch to on-line mainframe systems and the advent of the decentralised mini- and microcomputers. Yet none of these developments have really answered the needs of the manager to access and manipulate financial data. The marriage of mainframe and microcomputer is the latest stage in putting information into the manager's hands with the ability to analyse and process data.

MSA is leading the industry in the practical application of this concept. The company is ideally placed with its own financial software for the large computer and the microcomputer application software of its subsidiary Peachtree. MSA has addressed the problem by "linking" these two types of application software to provide management with a powerful desktop tool to access information held on the mainframe. The marriage of these two very different computer application systems could revolutionise the operations of companies large and small.

Before being able to assess the value of such a marriage, it is important to look at how both technologies are used now and the limitations faced by the user.

The mainframe-based financial systems with on-line facilities have contributed an immense amount to providing the manager with the information he needs, and the flexibility to manipulate such data. But, on-line facilities do have a major drawback for some companies. To provide each manager with a terminal connection to the mainframe is a costly business, both in terms of equipment and the additional mainframe facilities required.

This factor combined with the need of the manager for the provision of financial information, in a timescale appropriate to him rather than the data processing department, have led to the usage of the other prospective partner in the marriage. In the last two years a rash of stand alone microcomputers have arrived on the desks of management, again with much to recommend them but some real drawbacks.

Until recently, most data processing departments have seen the microcomputer as a toy. The micro has in fact taken some of the pressure from DP to extend and improve the provision of financial data from the mainframe. As a result the choice of of the microcomputer and software has, in general, been left to the individual manager. In a large company there could be several different microcomputers running totally different software. The time a manager spends in feeding his micro with the information already resident on the mainframe and his frequent inability to pass on the information he had generated to others, argues against the effectiveness of the micro in a corporate environment. But before we dismiss it as just a plaything, or status symbol, look at its ability. It allows the user to take information, analyse it, manipulate it and process it very cheaply. Its real drawbacks are in storage capacity, transaction processing and sourcing of data.

But, put together the database facilities of the mainframe and the local processing power of the microcomputer and we have the beginnings of a solution.

What impact does this have on financial systems? By integrating financial software so that the microcomputer can access data from the mainframe, carry out management analysis and manipulation, and feed the results back makes a great deal of sense. With the less expensive approach of the micro, its ability to process without taking mainframe time and the "Hands On" facilities provided to management, it seems we not only have a technical marriage, but also a marriage between data processing and user departments.

The impact of the marriage will inevitably be felt most in the user department—on the manager's desk. With the MSA software on his mainframe, the manager can now use MSA "Executive Peachpack" to achieve his mainframe/micro link. Executive Peachpak is a suite of application programmes, incorporating the financial modelling and word processing capabilities of Peachtree's software, which the manager uses on his own micro to access and manipulate information from the mainframe system. He can pass information back to the mainframe or, indeed, to micro computers in other departments or offices. There are a wide range of applications already available to the user, and these can only extend in the future.

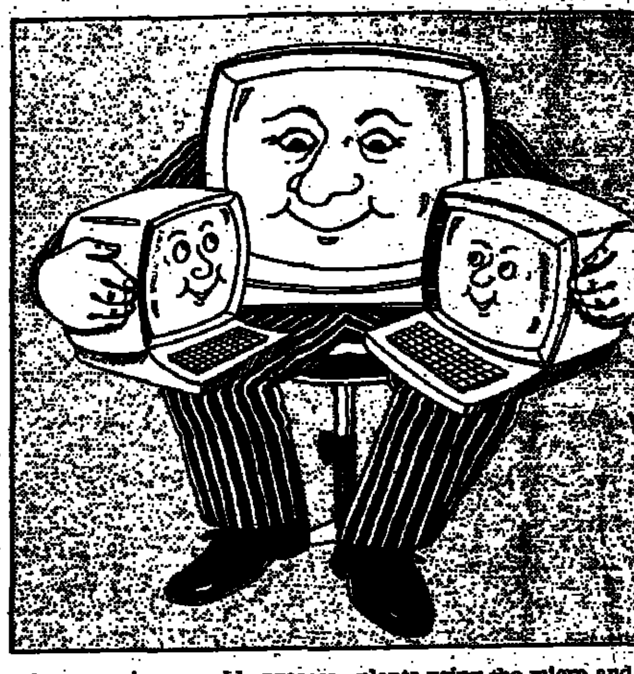
Financial Analysis—A portion of the corporate database residing on the mainframe in the General Ledger can be down loaded to the micro. Key statistics, ratios and financials are then available to the non-technical user for management analysis and financial modelling. Because the manager is extracting current information from the mainframe database, the ability to access up to date data on the micro is no longer a problem.

Financial Reporting — A second desktop application integrates word processing on the micro with financial reporting on the mainframe. Financial Management and Planning reports produced on the mainframe are transmitted directly to the micro to enable the manager to add his own foot notes, make late changes and customise additional text. Similarly within Accounts Receivable standard reminder letters produced on the mainframe can be personalised by the credit manager using his micro.

Budgeting—Perhaps the business function most well suited to the combined micro-mainframe technology. Each departmental manager prepared his departmental budget on the microcomputer using an electronic spreadsheet to project expenses. With the power of personal computing, a number of scenarios can be quickly tested to arrive at final budget. The results of the departmental budget are then passed to the mainframe Forecasting and Modelling system for corporate consolidation. The finalised budget can then be stored in the mainframe General Ledger for actual versus plan responsibility reporting.

Payroll Accounting—A payroll system on the micro can be used in remote locations for processing small payrolls. Construction sites, field offices and other geographically diverse sites where it is impracticable to establish permanent communication lines are easily serviced by a microcomputer. MSA's integrated software combines the microcomputer payroll with the International Payroll and Personnel System so that employees can be paid in remote sites using the micro payroll, and accounting entries are transmitted by the mainframe to reconcile the corporate payroll. The microcomputer payroll is also useful for processing daily or off-cycle payrolls for small numbers of people when the mainframe corporate system is processed bi-weekly, or bi-monthly.

Credit management, the remotely located sales offices, using a micro could process sales orders locally and then transmit entries for central processing on the mainframe Receivables system.



These are a few examples of how the marriage could work for financial systems. Other facilities such as colour graphics could also be implemented extremely effectively using a microcomputer.

In general terms, of course, distributive accounting could also be carried out by combining micros and mainframes. Sub-accounting—using General Ledger, Accounts Payable and Payroll—could be performed at remote offices, warehouses and plants using the micro and then be consolidated on the mainframe.

The mainframe/micro system offers a new direction in integrated computing. It offers the manager the ability to manipulate data and make decisions while ensuring the security and integrity of data on the mainframe computer. In the large company environment it could provide a cost effective solution by freeing the hard pressed data processing department from the demands of management for ad hoc reports and statements, and at the same time provide management with the information they need to run the company effectively.

MSA Payroll Packages lead the world

BY MARTIN FAIRBAIRN,
IPP Divisional Support Manager, MSA

The Government's new Statutory Sick Pay scheme (SSP), which came into operation on April 6, has increased the workload of the salaries departments in most companies.

Ensuring that employees are paid accurately and regularly is of course an important responsibility and new Governmental measures, such as SSP, tend to make the job even more difficult.

Financial directors, accounting managers and accounts staff must first become acquainted with the new rules and then make sure that the system actually works in practice; employees must receive the correct amount of sick pay, they must receive it on time and the appropriate returns and documentation must be sent off to the DHSS.

One answer to the problems of financial directors who require an effective system of payroll accounting that embraces new Government schemes such as SSP is computerisation. Of course, computerised payrolls are not new. Long gone are the days of manually calculated payrolls; only very small companies still work out wages and salaries with the aid of calculators, accounts books and pencil and it's quite common to find average-sized companies, who usually drag their feet over technological advances, paying their staff by means of computerised payroll.

Payroll is a prime candidate for computerisation because the successful manipulation of numbers is the key to processing a payroll and the precise function of a computer.

But a computerisation is not as straightforward as it might seem. Financial directors, when considering the possibility of compensation must decide whether to invest in their own computer or employ the services and expertise of a specialist computer bureau. For many companies, which require security, peace of mind and the services of experts, the bureau may be the best bet. But in the long run, the services of a bureau turn out to be expensive and inconvenient. If a company demands tight control over its payroll and other computerised operations, investing in an "in-house" computer is probably a better option. However, if a company decides to buy its own computer, further decisions remain such as the size of the computer and most important of all what sort of payroll software to use.

Basically, there are two types of software system. You can go for a bespoke system, which, as its name implies, is a system tailored to the needs of the company and can cope with any changes in requirements—for example those necessitated by changes in government policy such as SSP—but at considerable cost to the company.

The alternative to a bespoke system is a software package. A payroll system is bought from a software house and is simply manipulated to meet the needs of the individual. The biggest advantage of a package is that the supplier will maintain and enhance the system at a minimal cost and some suppliers undertake to make modifications which take account of changes such as SSP.

MSA (Management Science America) is the world leader in payroll packages. MSA's system for the UK market, formerly known as Q-Pac and now as IPP, has been successful in Europe, America, Africa, the Middle and Far East and Australia and is flexible enough to meet the requirements of UK companies needing an effective software package.

IPP has been an innovator in this field. Changes to the way in which the payroll operates—a new pay scheme for example—are initiated by the user who simply submits his required parameters. No programs are changed, because all the rules are held in a separate file and cross-referenced by computer to all the system's programs.

MSA is able to offer an unusually high level of expertise and experience in their support operation. All the MSA staff have built up a detailed knowledge of payroll systems, whether as users or programmers, and they are well-informed about new developments in government policy such as SSP which they can easily incorporate into the company's software packages.

IPP can be quickly implemented and offers full SSP facilities (an obvious benefit to financial directors who may be afraid that the new system will land their hard pressed salaries departments with mountains of paper work). All existing IPP users have had the SSP system incorporated into their software free of charge by MSA.

IPP is very flexible: no new programs are required for SSP. Only simple input such as dates is necessary and fully comprehensive reports can be produced, thus enabling the user to benefit quickly and accurately from any reduction of National Insurance re-payments that may be due.

IPP's flexible payslip layout/format costing, flexible reporting and its easy interface with other business systems indicate its cost effectiveness as the solution to your payroll problems. And as an MSA product, it can automatically communicate with other packages, thus saving excessive capital expenditure.

Peachtree subsidiary dominates micro market

Now that all the major microcomputer suppliers have played their personal computer cards it is interesting to reflect that despite choosing quite diverse paths for important features such as operating systems and micro chips, these hardware suppliers are united in their choice of Peachtree for business software.

Peachtree Software International, a subsidiary of MSA, was established in the UK at the end of 1981. The company provides accounting and office productivity systems for a wide range of microcomputers through hardware manufacturers and its own network of dealers. During 1982 and early 1983 Peachtree has made agreements with many of the leading hardware manufacturers and has featured in the launches of several new microcomputers.

During the UK launch of the IBM Personal Computer in January, IBM also announced that it had chosen Peachtree's nominal ledger system. This was developed under contract to IBM by Peachtree Software International in Maidenhead. Announcements were also made about the availability of UK Accounting Systems and Office Productivity Systems for the IBM PC.

When DEC started compiling their Digital Classified Software Directory, for their new range of DEC Personal Computers, Peachtree was the first company they chose for the list.

The reasons are explained by Digital Equipments Applications Product Business Manager, Mike Wright. "It is very important for our customers that they have a fully integrated family of business software and Digital is pleased to recommend Peachtree's software to meet this need. Peachtree's software is recognised as well established, reliable and has the requisite functionality."

The Peachtree Office Productivity Systems chosen by DEC and the other microcomputer suppliers include word processing, automatic spelling dictionary, communications and financial modelling. The Peachtree M BASIC systems offer a range of accounting packages including purchase ledger, sales ledger with invoicing, nominal ledger, inventory management and payroll.

All of these products have been developed in the UK. When Peachtree decided to incorporate some more powerful COBOL products it chose to have them developed in CIS COBOL, the British product made internationally famous by Micro Focus.

Peachtree's CIS COBOL range of Business Management Systems is a sophisticated and comprehensive suite of programs which are designed for the user who has a need for multiple company, multi terminal and large volume systems. This integrated range of software includes inventory management, order processing, payroll and a special costing ledger for analysis as well as sales, purchase and nominal ledgers.

One of the latest announcements is from Peter Loftus, Positron's Marketing Director; he explains why his company chose Peachtree, "The software complements the flexible architecture of our hardware because it can operate in multi-user multi-tasking situations as well as in single user mode. For example, a user can operate word processing and payroll in parallel, on the same system. This means that our users will be even better placed to take advantage of the multi-tasking abilities of our equipment.

"In particular, the combination means that we can now provide our specialist users, in areas like CAD/CAM, telecommunications, viewdata and industrial control, with a really cost-effective and secure business accounting system which they can use in parallel with their specialist software."

Peachtree's software also satisfies simple requirements such as those of Apple users (with 64K and 80 col card).

Other microcomputer suppliers who are united in their choice of business software from Peachtree are Rank Xerox, Britannia, H & H Electronics, Sharp, Epson, Grundy, Wang, Osborne, Micronetworks (Samuarai), Logitek (Altos and Sanyo) Memory Computers and the OEM group.

The microcomputer market may be a gamble for some, but Peachtree Software is emerging as a safe bet—for both suppliers and users.

STOP PRESS

Extraordinary level of interest from MSA's IBM customer base has resulted in plans for a comprehensive seminar to demonstrate the mainframe/micro link. The seminar will take place on 2nd June 1983 at the Hill Street Theatre, London W1.

Commenting on the seminar decision, Stuart Walsh, Director of MSA, said: "The interest in mainframe/micro is incredible. We've been faced with so many requests for demonstrations from customers that it has become necessary to set a day aside to enable as many as possible to find out more and be able to try this system for themselves."

European and overseas agents

An office in every one of the world's commercial centres is a tall order—even for the largest multinational. Most companies, and MSA is no exception, have a policy of opening offices in those centres they can effectively operate in, language and business attitudes permitting. This approach has proved very effective for MSA in the international sphere with offices in such cities as London, Oslo, Brussels, Singapore, Hong Kong and Sydney. But, there are countries where it is much more appropriate to work with a local company.

With this in mind, MSA has embarked during the last four years on an agent selection programme. MSA works from the premise that any agent associated with the name MSA must be as competent to support its customers as MSA itself is. A prime example of such a copany is RHV—the MSA agent in Germany.

Since 1969 RHV Softwaretechnik GmbH of Dusseldorf has developed into a software consultancy servicing the leading companies in a wide range of industries. In 1982 the company extended its activities, opened offices in Hanover and Munich, and reported a turnover of 16 million marks.

Commenting on the company's approach Jurgen Roth, a director of RHV, said, "As well as handling individual projects, which traditionally make up the largest part of our sales, we have considerably extended the range of application software available. To do this we rely on co-operation with companies already well established in the market place.

"A prime example is our exclusive contract with MSA to market the company's software in Germany, Austria and Switzerland. In tandem with this agreement, we have also reacted to the growing trend towards personal computing with a licensing agreement with Peachtree, the MSA subsidiary dedicated to microcomputer application software," Roth added.

RHV is ideal as an MSA agent with its experience in consultancy services, project work and training. The company offers commercial systems, manufacturing industry applications, process engineering software, CAD/CAM and microcomputer systems involving a variety of hardware.

RHV will be offering MSA's complete range of products both in the financial and manufacturing application areas.

"MSA's systems dovetail into our experience of the German market place. We have worked with IBM hardware for many years and have provided services for customers in manufacturing, trade, insurance, banking and service industries. MSA, with its leading position worldwide and its concentration on the IBM solution, will provide an invaluable partner for us," Roth concluded.

RHV is an example of a successful business relationship between MSA and a leading software house. To provide the same level of support in other countries, MSA has entered into similar agreements with Advanced Business Computing and Professional Services Ltd in Athens, Arabian Computer Projects Ltd in Jeddah, EDP (Pty) Ltd in Johannesburg, Seleston Sistemi SpA in Milan and KK MSA in Tokyo, and is considering agreements in other major commercial areas such as France and the Gulf States.

MSA
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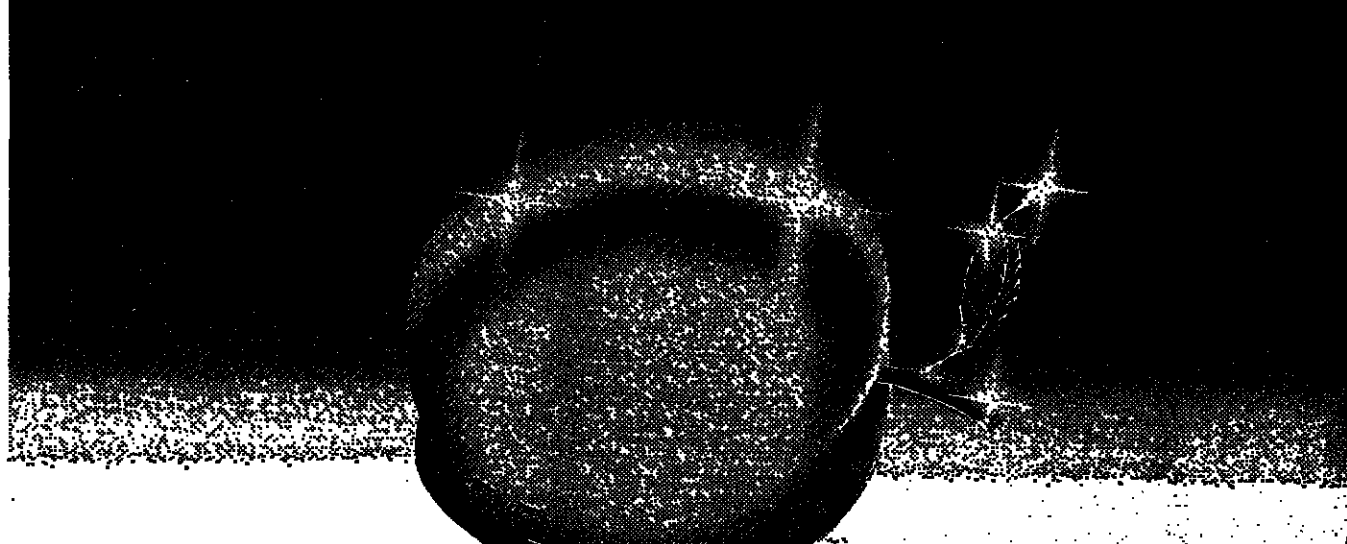

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TECHNOLOGY

EDITED BY ALAN CANE

VIDEO AND FILM BY JOHN CHITTOCK

Off shelf bonanza seems inevitable

ONE leit motif in this column over the last two years has been an anticipation of great growth in programme making — replacing the geewhizz stories of yet more technical development in the media. Many major investment institutions in the City are now knee deep in proposals for finacing programmes, and four names are now probably done to death in the ensuing discussions—cable, video, Channel Four and Gandhi.

With the arrival of Channel Four, with the parallel boom in video, and the expectations of cable TV, it has been oft predicted that there would be an insatiable demand for programming. The sheer arithmetic of cable TV exemplifies this. Up to 30 channels per station and at least 25 operators at the start (12 new ones plus 13 currently operational) could mean—at a modest one hour's pre-recorded programming per day — over 9,000 hours per year.

Huge demand

In reality, each cable operator is going to need more like 40 hours of pre-recorded programming per day if the channel capacities are to be exploited in the ways promised—eg. sporting channels, special interest channels, education, etc. That might add up to 360,000 hours per year!

In practice, of course, many operators in different areas will use the same programmes. But however it is measured, it means a huge demand for off-the-shelf product. Add to that the booming market in home video, which only now is just beginning to have its effects on the sales of pre-recorded material, and the bonanza seems inevitable.

One early fear during the pre-Channel Four days was "where are all the programme makers going to come from?" But there has been no shortage of frustrated producers, and new company names have been sprouting like the leaves on the trees which Mr Iain Sproat said would herald the government's overdue review of the British film industry.

The bigger question is not who is going to make the programmes, but who is going to pay for them? The cable operators are going to have a tough time financially. And one Gandhi does not maketh a summer.

The home video market will provide some support, and evidence of this abounds in every quarter — such as a bullish report just published by *The Economist* ("The Home Video Revolution in Western Europe") which reminds us that demand has been such that "the Hollywood back list built up over ... 50 years ... is being rapidly exhausted."

Yet one source of finance for this new revolution that could make the VCR hardware boom seem modest appears to be largely neglected — sponsorship. The money is there and only the opportunity has been missing.

The opportunity is represented by audience figures and the accessibility of audiences. Understandably, industrial and commercial sponsors can see justification in spending only £30,000 on a programme if a large enough audience can be reached — at no extra cost.

Originally in the 1960s, "large enough" meant the public cinema; but the unpredictable ways of the cinema distributors prevented sponsors from knowing, at the start of a production, if cinema distribution could be guaranteed.

Broadcast television has been even more risky, with opportunities for exposure few and far between — even though the rules allow suitable sponsored films to be televised. The decline in cinema audiences and the tough stance of the broadcasters has thus left the sponsors only one certain distribution outlet — the 16mm non-theatrical film.

Activity in the 16mm sponsored film during these turbulent times of media development has yielded a curious anomaly. In the late 1960s and early 70s, a number of large companies were sponsoring just the kinds of films that the home video and cable markets would now give their right monoscopic eyes for — quality films on almost every imaginable subject under the sun.

Thus films entered in 1973 for the British Sponsored Film Festival included gems such as BP's *History of the Motor Car*, Carreras's *Wind in the Wires* (the history of flying) and much else of by-gone excellence.

Which is where the curious anomaly arises. Although the quality of films and their audience has declined (some sponsors, such as ICI, have closed their library operations) there are probably more sponsors in the market today than ever before. The last recordable count, in the 1979 British National Film Catalogue, yields 550 names (albeit many from overseas who are distributing in UK) — against only 149 in the 1963 edition.

What has been happening is a targetting of audiences with lower-cost specialist programmes — encouraged by the accessibility of identifiable groups through video. Thus in last year's Sponsored Film Festival, curtain-raisers such as *Internal and Fusion Bonded Epoxy Coatings* and *It Pays to Feed Pigs*.

The demise of the quality epics, such as Unilever's popular science series (using directors like Hugh Hudson, who went on to make *Chariots of Fire*) is partly attributable to the numbers game. At its best, 16 mm non-theatrical distribution could find for a sponsored film only 200,000 viewers a year in UK unless there was TV or cinema exposure. And those viewers could cost 10p per head to reach.

Now that video and cable may offer audiences of more than 10 times the size, willing to pay for at least the distribution costs, could this herald a return for the quality sponsored film?

Solution

Early attempts by sponsors to capitalise on the home video market have been generally disappointing — but due almost certainly to bad timing. The market is only now beginning to discover that video viewing can be rewarding with material other than just Hollywood movies.

Cable operators faced with all those channels to fill will find that sponsorship offers an elegant solution to their problems — not only with cash, but experience, too. The sponsored film industry has had more than 50 years' experience in attracting audiences to non-fiction subjects — but only now an opportunity to reach really large numbers at nil distribution cost. That must be a recipe for quite a marriage of interests, with prolific results for all concerned.

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Cheaper coinage solution

BY ALAN CANE

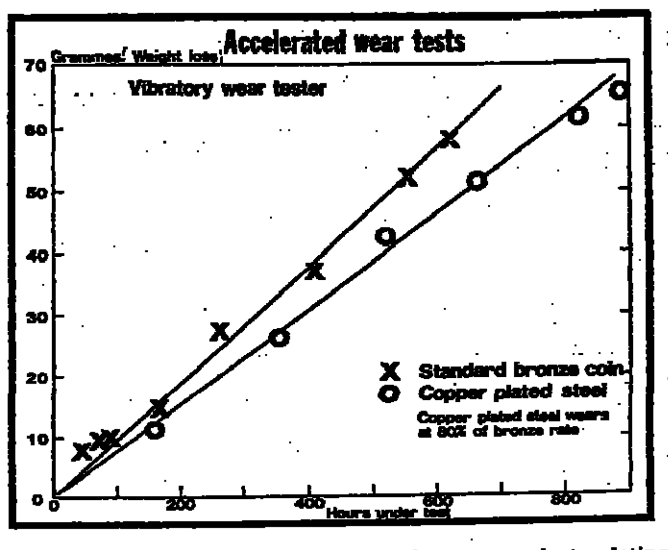
Ask the average UK citizen to empty his or her pockets and the trawl will be 84p in small change, the Royal Mint avers. And nominally it still costs less in materials and labour to produce that 84p worth than the face value of the coins.

But for many countries that has not been true for a long time. Low denomination coins in many developing countries either contain metal worth more than the face value (which leads to hoarding and small change operations in sweets or parking meter tokens) or which are simply uneconomic to produce.

Which represented a problem for the Royal Mint. Some 50 per cent of its produce is exported, and its customers are crying out for a cheaper solution to the coinage problem.

It needed to stay competitive—countries like El Salvador and Costa Rica were already talking to Sherrett-Gordon, a Canadian-based private mint which aroused considerable interest in the middle 1970s through its patent applications for a process for plating nickel on to steel coin blanks. In the U.S., one cent pieces were already being struck from zinc plated with copper—yet the Royal Mint had little experience of the technologies needed to produce serviceable coins from base metals.

The alternatives were: the use of smaller diameter coins (less metal) or the substitution of lower value metal with adequate corrosion resistance—which means plating.



The Royal Mint decided on steel coated with pure copper. Tests showed that coins manufactured in this way had 120 per cent of the life of conventional coins made from cupro-nickel.

The problem was then to coat the steel coin blanks—steel discs the size of the finished coin, with copper—a difficult process as it turned out, but solved by W. Canning Materials of Birmingham.

Now the Royal Mint has awarded a contract valued at around £500,000 to Electroloid of Aylesbury for the supply of a complete copper electroplating facility using the Canning technology.

The facility will have the capacity to coat up to 1,700 tonnes of steel blanks a year with a 117 tonnes of pure copper.

According to unpublished estimates the cost of producing a coin in this way — taking materials and overheads into account—is as little as a quarter that of manufacturing a conventional bronze coin.

The Mint and Canning are now looking at ways to plate steel to give the appearance of a cupro-nickel coin-white coins as the trade has it. What are the advantages to the Mint?

The new coins are lighter, cheaper and are able to take the fine detail in the stamping process that the Mint is so proud of.

According to Mr Tony Such, research director of W. Canning Materials, the Canning process deposits 30 microns of pure copper on the mild steel base, give or take two microns (millionths of a metre), for the vast majority of the coins plated.

In that thickness it "flows" that is, can be compressed to take up the space in the die stamp without cracking or peeling. Coins where the plating peeled up leaving a lacerating edge to cut hand or pocket would not be acceptable.

The technique Canning developed is based on barrel plating where the objects to be plated are tumbled in a plastics barrel with electroltyic plating solution able to enter through numerous perforations.

It meant considerable redesign of the barrel—the final design had a contour which is partly round and partly horizontal. According to Canning: "The final design manufactured from homopolymer polypropylene incorporates good tumbling action to ensure optimum current distribution through the plating load to promote uniform thickness of deposit."

The plating solution was also critical. Canning settled for what it describes as a high efficiency potassium salt based cyanide copper electrolyte. It observed: "It has excellent cleaning properties and perfect adhesion to the steel blanks is achieved even if the previous cleaning sequence is a little below optimum in performance."

It also provides a total thickness of copper so avoiding the possibility of laminated deposits. Compared with pyrophosphate or acid copper electrolytes, cyanide copper is easy to control, gives a more uniform copper coating—and, perhaps most important more than twice the current efficiency.

All of that told in favour of Canning's choice despite the fact that it contains cyanide (an important consideration in these environmentally conscious times).

And as Tony Such says: "Not one drop of copper goes down the drain."

Electroplating may seem old hat, but as the research jointly undertaken by Canning and the Mint shows, there are still considerable difficulties to be overcome when new and demanding projects are tackled. Mr John Thomason, a Canning director says: "This is the most exciting technical challenge we have faced for a number of years."

The work is proceeding in conjunction with the Mint which raises the obvious question of when the UK will switch to coated steel coins. Well, the Mint and Canning may know—but they are not saying.

EXOSAT SET FOR MAY 26 LAUNCH

Highlight for X-ray astronomers

BY MAX COMMANDER

IF ALL goes well the European X-ray observatory satellite—Exosat—will be launched on a Nasa Delta 3914 rocket from the United States Vandenberg Air Force base in California on May 26.

It will be the highlight of the year for astronomers interested in studying the positions, structure, spectral and temporal characteristics of known X-ray sources in the universe.

Astronomers involved in what is a relatively new branch of high energy astrophysics, have been particularly patient, even by spatial time measurements, before they could make use of this powerful tool to further their research.

The original idea was to launch Exosat on the European Ariane L6 at the end of last year. However, the ESA Council in the wake of the failure of the L5, decided that the satellite should be launched by the Delta.

Under the terms of the launch service agreement between ESA and Nasa it will cost the European Space Agency $26m to pay for the launch, but as ESA says there were several reasons for the choice. One there was the European desire to redress the Ariane launch schedule; there was a risk of deterioration of some Exosat payload elements if the spacecraft remained too long in storage; and also the necessity to launch within the window available in 1983.

ESA points to the high degree of co-operation between Europe and the U.S. and makes the point that it was particularly anxious to literally get this project off the ground.

Exosat, which has a planned life time of about two years, will be controlled from the ESA ground facility in Darmstadt in the Federal Republic of Germany.

Cost effective

Software package

A SIMPLE and cost effective entry into computer-aided design (CAD) can be made by users of the Hewlett Packard 9845 desktop computer using a software package from Norris Hill. There are some 400 users of the machines in the UK and the software is to be marketed through the HP network of dealers.

The package is compatible with any configuration of the computer and can be operated with any mass storage device and any type of plotter.

Called Genie, the system provides fully interactive 2D draughting and is suitable for a wide range of applications in the electronics, engineering, petrochemical and architectural fields.

It is easy to use, with special function keys and implementation of commands by a single keystroke. More on 0276 681655.

Valves

A NEW range of thermoplastic valves in metric and imperial sizes consisting initially of double union ball valves and diaphragm valves available in ABS or PVC materials has been announced by Durapipe of Cannock, Staffs. Sizes range from 16 to 63mm. and ½ to two inches thick. More on 0543 79909.

THE ARTS

Exhibition/David Piper

The inspiration of Egypt beside the Brighton sea

To arrive at Brighton by train is always exhilarating, sliding into that airy station halfway up in the sky and full of English sealight, then to fall down the hill upon the exotic domes of the Pavilion, and the fantastic nonsenses of chinoiserie, Islamicky, the Hindoo, gilt and silver-gilt and gold gasoliers. Next door, in part in what were the Pavilion's stables, the Brighton Museum is wont, come the summer, to improve the occasion still further by an exhibition hall-marked by enterprise, zest and joie-de-vivre (even out of, as in one recent exercise, Victorian Death). This year, the Museum salutes The Inspiration of Egypt.

The object is to illustrate Egyptian influence on British Artists, Travellers and Designers (and also collectors) in the 18th and 19th centuries. It is all packed into three galleries, a marvellous gallimaufry. The thread through it is traced, with excursions and divagations amongst sonorous or tinkling echoes from the commentaries of travellers and virtuosi, by the catalogue edited and in large part written by Dr Patrick Conner, in collaboration with his colleagues.

Dr Conner is erudite but witty and not at all prone to go along with fashionable academic trend. The existence of an "Egyptian Revival" in style is firmly but courteously rejected, though the sources for the use of Egyptian imagery are scrupulously recorded.

The use however is most often "appliqué," the images slapped, insinuated, or worked conscientiously into whatever was the prevailing style. They answered most obviously, of course, the austere needs of the neo-classic. Or, in another scale of reference, the mortuary mode. Think but of Highgate Cemetery. And pyramids, which early travellers guessed to be designed as granaries, only to be disillusioned by an odious mathematical fellow of Merton College, Oxford, who pointed out prosaic practicalities—not right for storage in bulk, "a Pyramid being the least capacious of any regular Mathematicall body"—but copious enough of course for the modest dimensions of a human corpse.

In fact, what must have startled the reactions of Englishmen, educated in the imagery and idiom of the classical antiquity of Greece and Rome, was the enigmatic quality of Egyptian art. Although its influence on the Greek, let alone the Roman, vision is now widely enough accepted, its stylistic conventions —its imagery, its deities and its idols—are alien even now.

The lion with a human face—no one knew what it was, but its potency riveted western attention, and still does—the Sphinx without a secret. And then there was the stunning quantity of remains in the Egyptian past, that through the brief post-Renaissance centuries were revealed by the travellers from the west, probing ever further south down the Nile. There was the extraordinary scale of many of the monuments the sheer size of the pyramids, of the gigantic four-square statues of the Pharaohs, of the columns of the temples. It all shook the post-classical scale of values. Maybe it could prove unacceptable to everyday taste.

There was, in the Egyptian Hall on Piccadilly in 1812 an uncouthness that jarred in that context: "cold and gloomy poderosity," quotes the catalogue from Leigh Hunt: "It gives a blow to the mind, like a heavy practical joke." On the other hand, a quality of ponderosity, a huge superhuman monumentality silent and alone inthe desert, could stir the romantic imagination, in Keats or Shelley, to its depths—even if known only in the context of the Egyptian gallery in the British Museum.

The conventions of Egyptian art began to intrigue English taste perhaps first via the very, and avowedly, eclectic Italian version of them published by Piranesi in engravings of the 1760s. Wedgwood's factory in Etruria found Egyptian motifs irresistible. More accurate and scholarly interpretation followed upon the Egyptian campaigns of the Napoleonic wars, with Napoleon invading Egypt not only with an army but also a cohort of archaeologists, artists, and learned men.

The finds were published notably in the works of the celebrated Denon, perused as avidly in London as in Paris, and popularised in England further by Thomas Hope. A vivid evocation of a chimney piece from Hope's famous Egyptian Room, opened to the public in his house in Mayfair, is mounted in the exhibition, together with striking specimens of the furniture executed in the taste, in ebony black and gold, suggesting at once a somewhat vulgar opulence and quite remarkable discomfort to the person.

Head of the Colossal Sphinx: watercolour by Luigi Mayer c. 1800

The exhibition illustrates comprehensively the ubiquity of Egyptian motifs in architecture, internal decoration; on furniture, porcelain and pottery (the blue and white for example from the Herculaneum factory at Liverpool). The Trafalgar chintz features a most improbable camel. The graphic arts are concerned mostly with the problem of recording, an inability to render Egyptian lineaments faithfully without transporting them into a post-Renaissance key to begin with, yielding to more objective attempts, though Cleopatra always tends to be rendered in terms of a fashion plate of the artists' own times.

The more imaginative interpretations often all but deflate from the sublime to the ridiculous—John Martin's vast visions, or David Roberts' Departure of the Israelites, can still however astonish. The cosier, almost domestic, visions are easier. Lear's wash drawings, tamed yet agreeably evocative in their light pencil outlines, in their frames. The shadowy interiors with shafts of sunlight catching intricacies of decoration, of rare stuffs and costumes, by painters like J. F. Lewis. These are not great masterpieces, but many enchanting glimpses, that convey still freshly the delight of those who recorded them at this revelation of a world so strange, so brilliant, so hauntingly inexplicable.

The last room has been decorated in the bright geometric manner of Owen Jones, and includes the huge oil by Poynter, *Israel in Egypt*, that caused such a sensation in 1867—but also the minute-book of Alexandria Cricket Club, open at a sketch of a gentleman in his cricket clothes and an account on the opposite page of some rather questionable goings-on in the Club's accounts. There is an hallucinatory Holman Hunt of Gazelles in the Desert, and there is Thomas Cook's advertisement for "their Nile Flotilla." A little amateur watercolour of the saloon of the Bulbul (a Nile river boat) shows a gentleman wearing an anti-mosquito veil seated reading at a table. . . .

The exhibition continues at Brighton till July 17: through August to mid-September at Manchester.

D'Annunzio's Rome revisited

With cultural historians, the late 19th century in Italy—until quite recently—has not been particularly popular. When the royal family moved into the Palazzo Quirinale, after the bersaglieri had breached Porta Pia in 1870 and captured Rome to make it the national capital, the Pope and the papal party were not the only ones who were unhappy.

Many foreign admirers of the city, including Henry James, complained of the sudden lowering of tone, the transformation from a small, colourful city into a bustling agglomeration of bureaucrats and speculators. The new Rome's leading writer, the meteoric D'Annunzio, for several decades also suffered from a decline in his reputation; and that city, which was exquisitely D'Annunzian, suffered with its bard.

But now D'Annunzio's fortunes in Italy have risen again (even his far-from-easy plays are fairly often performed), and there are signs of a revival of interest in his period and ambience. One of the most delightful signs is a small, but enchanting exhibition currently to be seen in the Villa Medici, in the heart of the poet's Rome, a few minutes' walk from the elegant Via Gregoriana, where his tormented, decadent heroes entertained their equally tormented mistresses.

The Villa Medici show has the Proustian title *I piaceri e i giorni: la moda*; it suggests the pleasures and the days of Rome a century or so ago through the fashions, the dress of the time. The toilettes of Queen Margherita and the leading ladies of her court, such as Donna Franca Florio, in many cases came from Paris (the inevitable M Worth) or were French-inspired; for that matter the menus of state dinners at the palace—several are included in the exhibition—were also in French.

In the ante-room of the exhibit, you see not dresses but uniforms: a group of papal zouaves on one side and, opposite them, the bersaglieri band. Enlarged photographs of the period give a visual context.

In another room, a trio of little girls in prim white dresses with pink sashes, pose for a photographer against the background of the Pincio. The flight of steps leading to the upper rooms of the show is lined by models wearing the livery of the great Roman houses (including houses in which the upstart Savoys and their adherents were never received).

Some of the mannikins are arranged in groups, reproducing scenes of Roman life. One shows Queen Margherita wearing a splendid evening dress of white satin and organdy, with a long train. A grosgrain ribbon inside the waistband reads "Maison Rechiantone," the Turin dress-makers who regularly supplied the royal ladies. Another mannikin in the same group is also wearing a dress in white satin and organdy, trimmed with lace and embroidery, from the "Nouveauté Confection Sevin, av. rue Royal, Orleans."

Another of these vignettes is devoted to a papal visit. Though we do not see the pontiff himself, we see a splendidly-arrayed cardinal with deacons and with Roman gentlemen of the "black" aristocracy, dressed like Philip II in black with ruffs. The visitors depicted are a group of ambassadors—British, French, German—with their ladies, strictly in black lace, with mantillas, and mother-of-pearl rosaries in their hands.

William Weaver reports on a memorable exhibition in Rome's Villa Medici.

The church of San Luigi dei Francesi—Rome's French church—has lent, for this occasion, a handsome selection of religious objects, many dating from the 19th century.

The exhibit was arranged by the designer Vera Marzot, with the collaboration of Umberto Tirelli, Italy's outstanding maker of costumes (he worked for years with meticulous Visconti) and a passionate collector of dresses from the past. Many of the outstanding items in the show were lent by Tirelli or painstakingly reproduced in his atelier. Vera Marzot was also responsible for the choice of photographs (some from the archives of D'Annunzio, friend Count Primoli) and the delightful printed explanations, often quoting less familiar works of D'Annunzio. The Fondazione Cini, in Venice, lent three Fortuny dresses that once belonged to Eleonora Duse, a further example of the most exquisite taste of the period.

The Merry Wives of Windsor/Berlin Opera

Ronald Holloway

Since the arrival of Götz Friedrich at the Deutsche Oper Berlin a few seasons back, the city is experiencing an operatic renaissance. Intendant Friedrich particularly enjoys researching Berlin's rich music tradition, and thus he presented during the current season (Carl) Otto Nicolai's *The Merry Wives of Windsor*.

Nicolai was the newly appointed *Kapellmeister* at the Berlin "Linden-Oper" in March, 1849, when his delightful comic opera was premiered; he was to die of a brain haemorrhage two months later, just as his fame was being recognised due to this masterful and popular work. Surprisingly enough, *The Merry Wives of Windsor* had not played Berlin throughout the post-war years. But that absentmindedness has now been remedied; it will be hard to get Sir John Falstaff off the boards for a long time to come.

The Berlin Opera set *The Merry Wives* in a beer-garden. It just so happened that private, alternative theatre and musical establishments flourished in Berlin between 1848 (the year of the March Revolution) and 1851, considered by theatre historians to have been "the flowering of Berlin theatre." So Winfried Bauernfeind took note of the fact that an enterprising young lady in her late twenties, Auguste Kroll, opened a summer theatre in Berlin-Thiergarten (sic) in 1850, Kroll's Etablissement, and staged *The Merry Wives* accordingly: the comic opera staged at Kroll's *Biergarten* on a summer evening, with the theatre director herself in the role of Frau Fluth!

When the operagoer enters to take his seat, that simple force-of-habit is paralleled on the stage by the arrival of ladies and gentlemen attired in Biedermeier garb in an open-air setting taking their places mostly at reserved tables, near an improvised Shakespearean decor—theatre within theatre, the sparkle being that Martin Rupprecht's set appears to be a postcard likeness of *Berliner Sommertheater* in the mid-19th century.

A spreading oak tree dominates stage-centre, around which are grouped the tables and chairs; women lean out of windows in nearby apartment houses, and children romp where they please; the stage itself is a remnant of a *Commedia dell'arte* production of the week before, perhaps. Dusk is settling.

Alfred Kuhn's Falstaff is a buffoon with a rich bass and a natural gift for the comic heavy: the lecherer getting foiled time and again pleases the crowd no end, particularly when he gets stuffed into a linen-basket and is toted off by waiters to be dumped unceremoniously in the orchestra-pit. The pause is cued by a sudden shower, sending everyone for cover and leaving the stage empty.

The overture to the second act allows for more amusement: the man-in-the-moon is carried on the back of an imp in a balancing act on the garden-wall. Fenton's famed romantic tenor aria, "*Horch dia Lerche singt im Hain,*" from a bough in the tree is about as close to contemporary modes of summer theatre as you can get without ever departing from the environs of comic opera. The rest is the magic of one of Shakespeare's most enduring comic creations, Falstaff bumbling his way into the hearts of operagoers throughout the middle of the last century.

The Merry Wives recalls the best of Walter Felsenstein's productions at the Komische Oper in East Berlin during the post-war era — when Götz Friedrich was learning there some of the secrets of moulding opera to the foibles of humanity.

Three newcomers made their mark with this production. Conductor Peter Schneider, the Generalmusikdirektor in Bremen, made his first major guest appearance here, his light hand complemented Bauernfeind's decor-and-costumes as though they were both nourished on summer-theatre productions. Norma Sharp's Frau Fluth, doubling as the proprietress of the beer-garden, is a robustly emancipated Auguste Kroll of 1849. And Alfred Kuhn as Falstaff excels in his drinking-song duet with Herr Fluth.

One gag is a stitch: during the love-duet between Anna and Fenton, the solo-violinist leaves the orchestra to wander at ease through the moon-lit garden like an enraptured gypsy.

Freddie Starr/Apollo, Victoria

Antony Thorncroft

Last year Freddie Starr, like many entertainers before him, crossed over from being a loveable personality to becoming a controversial character. A London season harvested dire reviews; a Torquay summer show ended abruptly. But remarkably Freddie Starr has sorted himself out quickly enough to reassure his fans with a national tour, culminating in London on Sunday night.

Introduced as "The Unpredictable Freddie Starr" this most unusual of artists pleased and horrified in about equal proportions. He is a natural music hall clown, with a tiny, mobile body, a handsome sensitive face which can be postured into numerous deft impressions, and an excellent voice. The mop of blond hair is a defiant trade mark.

His routine is non-stop frenzy, with a band trying to keep up with his musical pot shots. Comic routines build up into songs, sometimes sung beautifully straight, more often Starr impressions of Cliff Richard, Johnny Cash, and, most cruelly, Ray Charles. If the material sometimes falters, Starr's mesmeric industry never does: it is like being cornered by a rattlesnake on speed.

Starr's weakness is an infantile obsession with crude noises. It seems he could go on endlessly, getting the audience to repeat any dubious sound his body can conjure up like a particularly boisterous ten-year-old trying to keep his classmates amused on a wet Friday afternoon. Like other popular comedians (Cannon and Ball come to mind) Starr has the ability to interest and entertain but seems missing on wit. He is undoubtedly a unique, if very wayward talent.

Lennie Bennett was the complete contrast in the first half—a stream of funny, naughty jokes, as verbal as Starr is incoherent, as static as Starr is fluid.

Country Ways/Bristol Old Vic

B. A. Young

Henry, a vague sort of civil servant, retires with his wife Janet to a country cottage. He sells his car and prepares to live the Good Life.

The vicar's wife calls about the jumble sale and the dramatic club. A neighbouring smallholder, Mr Burrows, who had his own eye on the cottage, deluges a grateful Janet with vegetables, Henry's own home-grown produce never reaching maturity. Carrie, Henry's daughter, whom we do not meet, marries Edward, who has not only taken over Henry's old job but been promoted further.

Is this all? Does nothing unexpected happen? Well, Henry gets drunk on Mr Burrow's beetroot wine. He suffers a bad back from overwork and is cured by Edward. Ultimately he has a heart attack, so he and Janet can move out of the Good Life into the comfort of Edward's manor nearer to town.

But do you mean to say —? Yes, that is all. The author, Julia Jones, has written 34 television plays, contributed to sundry series, and adapted *Country Ways* from a radio play. The TV people get cross when we complain that a stage play is no better than a TV play; but the truth is that while *Country Ways* might be just bearable in the sitting room, with a quick escape available via the switch, it's not an entertainment to go to the theatre for.

Some able players — Moray Watson, Pauline Yates, Andrew Hilton—have to speak dialogue so predictably ordinary that they have no chance to give real performances. The country cottage is by John McMurray, who has given it a green telephone to show how rustic it is. John David, the director, has not been able to make more than a plastic purse out of his sow's ear.

Georgina Dobree/Wigmore Hall

David Murray

Miss Dobrée has for long been among the most enterprising and musical of our clarinettists, but we hear her too rarely. Her recital on Sunday was a double pleasure, for she had Susan Bradshaw — a pianist who is admired in much the same ways — as her accompanist. Happily, the programme gave Miss Bradshaw plenty of scope too, once past a well-turned but exhausting showpiece-sonata by Xavier Lefèvre. Miss Dobrée coped valiantly with her incessant passage-work (not without an occasional missed note), but all the other music was more interesting.

Zwei Stücke op. 34 Egon Wellesz struck me as unusually rewarding among that composer's voluminous output. Sharply expressive and concise, the clarinet writing sounded grateful, or at least Miss Dobrée made it seem so, and the piano part — deliberately restricted to a few crystalline figures — told beautifully. Wellesz's angular lines do not often benefit from such committed phrasing as Miss Dobrée's, high-definition interpretation indeed. She also gave the first performance of a Dance Suite commissioned from John Mayer; that too, made an impression beyond some of his more ambitious pieces.

Again he experiments with devices from Indian music applied to the Western musical vocabulary, this time including Bossa Nova, Waltz and Stomp. The construction is sometimes tantalising, sometimes just thin and faintly jokey, but there are a few striking ideas. It was performed with verve. Thereafter we went back to Romantics: a clarinet version of Reinecke's "Undine" Sonata for flute and rippling piano (one missed the flute's silvery flash in the Intermezzo, but the leisurely, tender tunes took very well to clarinet), and the evergreen *Fantasiestücke* of Schumann. Miss Dobrée rendered the first of those "zart und mit Ausdruck" to the letter—I have not heard it more delicately introspectively played.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

May 6–12

WEST GERMANY

Berlin Deutsche Oper: A new production of Jakob Lenz, a chamber opera by contemporary composer Wolfgang Rihm. This work is shown in Berlin for the first time and has Richard Salter and William Dooley. This week's highlight is Rossini's Semiramis, in a concert version with Montserat Caballe and Samuel Ramey. Der Fliegende Holländer is presented with Katarina Ligendza and Martti Salminen. Further performances are Don Giovanni and Otello both sung in Italian, as well as Der Troubadour conducted by Herbert von Karajan. (34381).

Hamburg Staatsoper: Arabella produced by Otto Schenk, is premiering this month with Anna Tomowa Sintow in the title role. La Boheme, sung in Italian has Beatrice Haldas in the part of Mimi. Der Barbier von Sevilla with a cast headed by David Randall was revived triumphantly. Der Rosenkavalier features Doris Soffel as Octavian and Helen Donath in the part of Sophie. (351151).

Frankfurt Opera: Der Wildschütz is new this week. Aida, conducted by Michael Gielen, has fine interpretations by Judith Telep-Ehrlich in the title role and Seppo Ruohonen as Radames. La Traviata convinces through the performance of Eugenia Moldov Anu in the title role. (25621).

Stuttgart Württembergisches Staatstheater: Turandot brings together Janis Joes and John Macurdy. The Magic Flute with Siegfried Jerusalem and Isabella Nawe is well worth the effort. Hans Werner Henze's Pollicino has been restaged this season. Harry Kupfer's highly acclaimed production of Wozzek is revived this week. La Traviata is sung in Italian. (20321)

Munich Bayerische Staatsoper: Acclaim for Orpheus und Eurydik. With Brigitte Fassbänder, Lucia Popp and Julie Kaufmann. This Otello has been said to have the world's best cast in Margaret Price, Piero Capaccilli and Carlo Cossutta. Fidelio features Hildegard Behrens and Norbert Schunk. Die Verkaufte Braut is a fresh and delightful revival. (21851).

LONDON

Royal Opera, Covent Garden: The new production of Puccini's Manon Lescaut, reaches the Royal Opera stage after a rough birth period, but it has a starry cast – Te Kanawa, Domingo, Allen – and the rising Italian conductor Sinopoli as its surest assets. (2401066).

English National Opera, Coliseum: Prokofiev's early opera The Gambler, loud, rough-edged, immensely exhilarating, has its first London production (by David Pountney). Also in repertory, further performance of the company's well-routined Fledermaus, and a revival of its no less well-tried but evergreen Magic Flute, with a promising cast of newcomers including Joan Rodgers and Glenn Winslade. (8363161).

Royal Opera House, Covent Garden: Sadler's Wells Royal Ballet with Peter Wright's Swan Lake.

Sadler's Wells, Rosebery Avenue: Carcalla Dance Company opens with its Taming of the Shrew. (2788916).

PARIS

Francis Poulenc's Dialogues Des Carmelites with the role of Blanche de la Force sung by Maria Ewing and that of Madame de Croissy by Regine Crespin alternates with Offenbach's La Belle Helene in a new production conducted by Alain Lombard at the Opera Comique (2960611).

Colourful mimes, Acrobats and dancers of the Peking Opera at the Palais des Congres (7581458).

VIENNA

Staatsoper (5324/2655): Capriccio, Luisa Miller, Fidelio.

Volksoper (5324/2657): Der Zigeunerbaron, Die Lustige Witwe, Die Csardasfürstin, Der Wildschütz, Gasparone.

NEW YORK

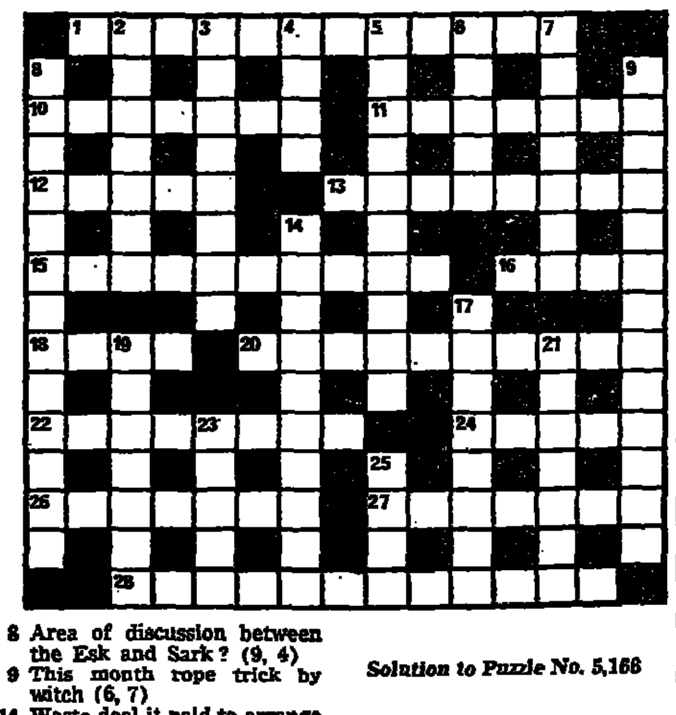
New York City Ballet: The season continues under its new director Peter Martins with 40 works from the repertory, ranging from Balanchine's first American piece, Serenade (1934), to four pieces premiered last winter, by Martins, d'Amboise and Duell. New York State Theater, Lincoln Center (8705570).

Alvin Ailey American Dance Theatre (City Center): Three local and one company premiere are part of the spring season of a company that has parlayed American gospel, Broadway and classical dance themes into a national institution of its own. (55th E. of 7th Av, 5817907).

WASHINGTON

Ballet West: Mixed repertoire including Swan Lake. Opera House (Kennedy Center, 2543770).

F.T. CROSSWORD PUZZLE No. 5,167



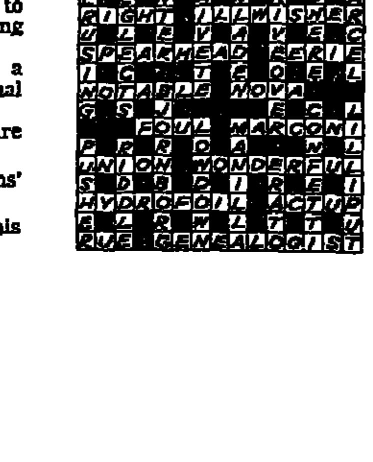
ACROSS

1 Northern lights make for happy people on stage perhaps (5, 7)
10 Detectives with ogre return on basis it happens again (7)
11 Secret police exploit by a river (7)
12 Confound a graduate with silence (5)
13 Number on roster have power (8)
15 Later knowledge acquired at night? (5-5)
16 The old have a right time! (4)
18 Fifty-first record (4)
20 Born by tree and died similarly — what nonsense! (10)
22 Pine vessel — one used by Norsemen (8)
24 Way you hear member provides base (5)
26 Falls back again before reaching gunner (7)
27 Medicine could set old boy back (7)
28 Ideal number get direction in grammar (7, 5)

DOWN

2 English artist has short measure to insert (7)
3 He's third out following Garibaldi (3-5)
4 Cover the ground (4)
5 If deadly, it's belladonna (10)
6 Points girl should follow (5)
7 Headless snake on tribe member used as adornment (7)
8 Area of discussion between the Esk and Sark? (9, 4)
9 This month rope trick by witch (6, 7)
14 Waste deal it paid to arrange (10)
17 Hitler's bodyguard agreed to change for horse training (8)
19 It provides heat for a Parisian entering unusual palms (3-4)
21 Charms a stubborn creature on the way up (7)
23 On which to meet Mearns' man who wasn't there (5)
25 The very best put up at this place (4)

Solution to Puzzle No. 5,166



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Tuesday May 10 1983

Unfinished business

IT IS not the resolute approach: hardly even cut and run but more a case of scuttle, as some MPs were remarking yesterday. We would have preferred Mrs Thatcher to have served more of her elected term, especially now that there are some signs that the economy is turning up. It would have been better, too, had the Conservative Party shown more evidence of producing a carefully prepared manifesto for the next few years. Nevertheless, the die is cast and it is futile to speculate now on the relative merits of June 23 or even of waiting a little longer. For the next few weeks it will be the campaign that matters.

The Conservatives begin as clear favourites, partly because the opposition is divided and partly because they have continued to dominate the intellectual argument even at a time of great economic adversity. The opinion poll published yesterday which showed the Labour Party at level pegging if Mr Denis Healey were leader illustrates how different it might have been. Equally, however, though the polls continue to *show that unemployment is the* main issue, there is no great inclination to blame it exclusively on the Government, nor to look for miracle cures

Record

Yet if the election has one single theme, there is no doubt what it should be. It is unfinished business. Mrs Thatcher has long said that she needs two terms to put her policies *into effect. It is a matter now of* spelling out in more detail what she wants to do. On the face of it, the economic record of her Government looks bad: the rise in unemployment, especially young unemployed, the decline in output and the absence of growth. Only the performance in reducing inflation is outstandingly good. The task in the election campaign is to demonstrate that this will lead to recovery.

On unemployment alone it is a formidable one. It will not be possible indefinitely to blame the number out of work on world economic conditions or even on structural change. The Government has training schemes in hand, but they have not always seemed a priority. No government deserves a a second term in office if it cannot reasonably promise to bring unemployment down.

There are other lacunae in the Government's record to date ,notably on the law relating to the trades unions. True, there have been two important bills in the past four years and a green paper with the promise of more to come. But we still do not know, for example, whether the Conservative Party is proposing to outlaw strikes in essential services or whether it would make wages contracts legally binding. It would be a great pity if clarity on these matters were sacrificed in the rush to an early election.

Mrs Thatcher's administration has been equally tantalising at times on the future of the wel*fare state.* Will there be a voucher system for education? Will there be further privatisation of the health service, and if so, how much? The Tories will not be surprised to find these questions flung at them throughout the campaign. In a way they have brought the questions on themselves. The best way of dealing with them would be to have some fairly precise answers.

Another, more specialised area in which the Government has been surprisingly weak concerns competition policy. The Conservatives promised a more coherent approach when in opposition, but it has yet to materialise. References to the Monopolies Commission still appear to take place on a random basis. There is a vacuum here which needs to be filled, preferably by legislation that would reduce Ministerial discretion.

Europe remains an uncertain quantity, not least because the last few days of the campaign may coincide with a key meeting over the future of the British contribution to the Community budget. We would hope that passions can be kept cool, for its there is one thing that the Prime Minister has come to appreciate in her years of office it is the importance of the European link.

Other gaps abound, notably Ireland. The Government has made very little progress in Ulster so far. Next time it will require higher priority, yet could again be a casualty of the rush to the polls.

There are still several weeks for the parties to explain their policies on all issues. Given the present lacunae, that will not be a day too short.

Syria's role in Lebanon

MR GEORGE SHULTZ, the *U.S. Secretary of State, set* himself a relatively modest target for his first official visit to the Middle East when measured against the broad objectives of President Reagan's regional peace proposals. He sought an agreement in principle between Beirut and Jerusalem on the terms of an Israeli withdrawal from Lebanon, and this he has achieved.

His success should not be *decried. But it will become the* "milestone" in the search for Middle East peace which Mr Shultz has claimed only if Washington pursues the other elements of the Reagan plan with equal vigour.

The withdrawal of all foreign forces from Lebanon is one part of the Reagan scheme for the Middle East, just as the peace treaty between Egypt and Israel was part of the Camp David agreement. At the heart of both sets of proposals was a form of self-rule for the 1.2m Palestinians living under Israeli occupation in the West Bank and Gaza.

The late President Sadat initially insisted that there had to be linkage between the bilateral peace treaty with Israel and progress on the Palestinian issue. Despite strong objections from his closest advisers he eventually gave way, without even securing the freeze on new Jewish settlements on the West Bank which he thought he had been promised.

Bargaining card

Syria today is in a not dissimilar position. Its presence in Lebanon is the bargaining card it wishes to play in pursuance of an independent state for the Palestinians and the return of the Golan Heights captured by Israel in the 1967 war. Having helped orchestrate Arab opposition to President Sadat's peace overtures to Israel, Syria was hardly likely to assist Lebanon in becoming the second Arab state to have reached an agreement with Israel, without reference to the wider issues.

Mr Shultz clearly understood the Syrian position and made no attempt to talk directly to the regime in Damascus before he had secured the agreement between Israel and Lebanon. He stated subsequently that it was now up to the *Lebanese* Government to talk to the Syrians and he also urged Saudi Arabia to exert its influence.

Saudi Arabia believes, however, that Israel should withdraw unilaterally from Lebanon. The Beirut Government is scarcely in a position to exercise any leverage on Damascus. Given these conditions, and Israel's insistence that it will *not leave Lebanon before the* Syrian and Palestinian forces, the chances of Mr Shultz's achievement being translated into movement on the ground appear rather slim.

It will be difficult for the Israeli Government to allow such a situation to persist for long. Mr Menahem Begin's coalition has slipped behind the Labour opposition in the latest opinion polls, in part because of the unpopularity of the Lebanon occupation. Over 130 Israeli soldiers have died in Lebanon since the ceasefire last summer and attacks on them are growing in number and sophistication.

Mr Shultz can meanwhile return to Washington carrying a small foreign policy success for the Administration and without the risk of too much blame being directed at the White House for the lack of *progress on the President's* Middle East initiative.

He can fairly point out that it was the Syrian-PLO axis which torpedoed both the attempt to draw King Hussein of Jordan into negotiations and the implementation of Israel's agreement to withdraw from Lebanon.

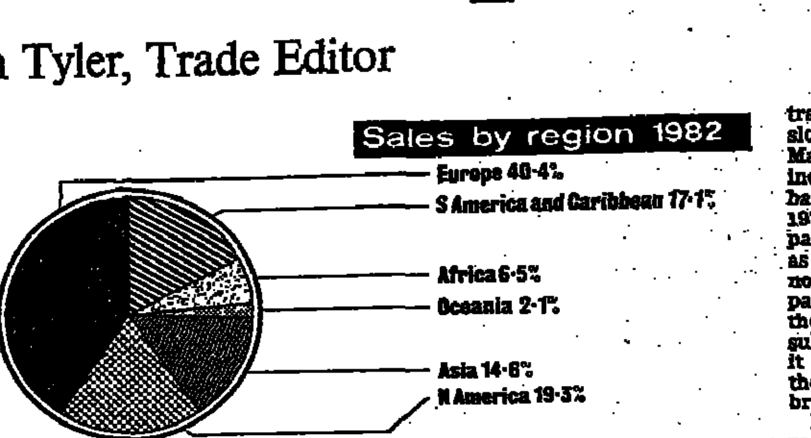
But to dwell on success or apportionment of blame at this moment could be exceedingly dangerous. Mr Shultz will have noted that *within minutes of his* departure from Beirut on Sunday, heavy shelling had again broken out in the hills around the capital. And even before he had landed in Paris, Mr Moshe Arens, Israel's Defence Minister, warned on U.S. television that the Syrians were preparing for war. With the Soviet Union more firmly entrenched in Syria than a year ago, renewed hostilities would carry greater risks *than the fighting last summer.*

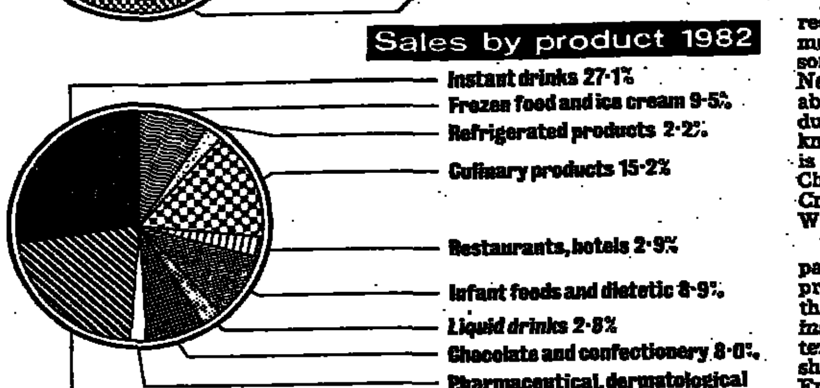
NESTLÉ'S NEW LOOK

'We want to be entrepreneurs'

By Christian Tyler, Trade Editor

Helmut Maucher





NESTLE HAS been doing rather well in the U.S. lately with a line of frozen meals for *slimming* fanatics. But the world's largest food company has had a weight problem of its own.

Companies, like people, sometimes get so big that they can't see their own feet: not long ago a senior Nestlé executive was touring Italy when his eye was caught by a promising-looking pasta business. He determined to buy it — only to discover that Nestlé owned it already.

Little embarrassments of that kind are perhaps to be expected in an organisation of 142,000 employees with 285 factories in at least 55 countries from Austria to Zimbabwe. Last year Nestlé subsidiaries and joint companies sold SwFr 27.7bn worth ($13.5bn) of products ranging from instant coffee to mineral water and wine, frozen foods to restaurant meals and cosmetics to contact lenses.

Nestlé's reputation is one of clinical, Swiss prudence and secrecy, a paternalist cosmopolitan society in which managers spend a lifetime of complete—but not necessarily well-paid — security. One former employee considers that Nestlé, for all its spending on research, hasn't really invented anything new since instant coffee was launched, initially with little success, in the late 1930s.

That reputation is visually reinforced by the group's *sanitary* but not unpleasing head office building at Vevey on Lake Geneva (said to be the model for the EEC's Berlaymont in Brussels). Set in a Wagnerian idyll of flying swans, unruffled water and snowy mountain peaks, it carries no name or sign of ownership. The visitor might easily mistake it for an international financial institution—which, in a sense, it is.

Before long, however, opinions of Nestlé may have to be revised. The new boss, Herr Helmut Maucher, has put the entire organisation on a diet whose results have already begun to show, not just in the balance sheet but in the behaviour of the company's managers round the globe.

Herr Maucher comes from the Bavarian side of Lake Constance. The elevation of a German to the top job—he took over 18 months ago—raised the hackles of some Swiss shareholders; but Maucher says he has had no problems. On the contrary, he claims to have found a lot of good will among the staff. "We could not have improved and changed things so quickly without that. The reason must be that people to some extent were waiting for it." (By "we," Herr Maucher usually means "I.")

"Jovial on top, tough underneath," is how one contemporary describes him. Herr Maucher is certainly affable, even modest. But he weighs his words with great care, balancing each argument against its antithesis, and divulging only what he is ready to divulge. Only occasionally, behind the heavy-framed spectacles, do the eyes glitter and go hard.

A former head of the West German operation, where his strong personality and sales success gave him considerable autonomy, he once quit Nestlé in protest at the company's decision to join up with rivals Unilever to market frozen food in his and other European territories.

Lured back, he was eventually brought to Vevey at the end of 1980 to join a three-man executive committee headed by his predecessor as managing director, Arthur Fürer. That was the start of a discreet power transfer. Fürer, the former financial director was, some say, just too nice for the job. A classical scholar with a strong social conscience—he adopted a Tibetan child—he was under the shadow of his own predecessor, the Frenchman Pierre Liotard-Vogt.

Like Herr Maucher in Germany, M Liotard-Vogt had run the French business as his own fiefdom—an unheard degree of independence for those days. *But unlike Herr Maucher he* was an irascible patrician, prickly with colleagues if kind to underlings.

Herr Maucher describes himself as an economic liberal. He used to support the West German Free Democratic party, but switched to the Christian Democrats as it became less conservative. Several times tempted to become a politician himself, he keeps up his personal contacts with CDU figures.

He reads the works of leading social psychologists and more popular renditions like Desmond Morris' "The Naked Ape." Distrustful of theories that purport to explain the world, he considers himself progressive. But he is certainly no socialist. Herr Maucher was once a keen amateur violinist and his taste is for the classical, not the romantic, with a predilection for Bach and Mozart. He is 55 years old and has three grown-up sons. He and his wife spend their winter holidays near Lake Constance and their summer break in Austria. "I always take my holidays," Herr Maucher said.

Later this month—on May 19 —Herr Maucher will display the latest results of his efficiency campaign to shareholders of the main holding company, Nestle SA. Many of them are the same taciturn, pipe-smoking farmers whose forebears supplied the original inventor of condensed milk, the Swiss chemist Henri Nestlé. Henri, it is said, sold out quickly and retired to a lakeside villa with both wife and mistress.

On the financial side, Herr Maucher has in two years helped convert an annual cash drain of SwFr 500m to an inflow of SwFr 1.5bn (over $700m) last year. Combined net profit for the two holding companies, Nestle SA and its Panama-registered American twin Unilac, has risen from 2.8 per cent of sales to 3.5 per cent in 1981 and 4 per cent last year, the best result since 1973 but still below the average for the mid-1970s.

Herr Maucher describes the process as teaching Nestlé to live less comfortably. Inventories have been cut back, more loss-making businesses sold off, investment — except in marketing and research — pruned. "We said it must be possible to run the company and maintain the same turnover with less money. We had a clear, realistic view of the recession and told ourselves we had enough capacity." One result of this financial dieting has been to increase Nestlé's world-wide cash, securities and other deposits to over SwFr 4bn.

Years of weak performance in the U.S. market, where 19 per cent of Nestlé's business is done, are gradually being retrieved. For instance, most of the unsuccessful Libby, McNeill & Libby tinned goods business, bought in 1970, has been jettisoned.

A fading U.S. market share in instant coffee and tea has been offset by the bright performance of two other acquisitions: the Stouffer food, restaurant and hotel chain, based in Ohio, and Alcon Laboratories, an international ophthalmic and pharmaceutical company in Fort Worth, Texas. A management shake-up in the U.S. will leave only 10 per cent of the former team in place.

Herr Maucher talks more or less dispassionately about the *sums.* The subject that really *warms him is management.* He displays a thoroughly un-Teutonic dislike of methodologies. "It's the old wish of mankind to get everything into a system," he said. "I am interested, first, in the people, second, in the products, and third in the selling and advertising of the products. This is the essence of success."

Herr Maucher has been travelling the globe to convert *his functionaries into entre*preneurs. He told the market research people in Ghana that all they needed to do was spend an hour talking to the large lady in the street market, and another hour to the Lebanese wholesaler.

Over a period of years, Herr Maucher expects to shift at least 10 per cent of his managers from staff work to line work — from the back of the shop to *the front counter, as it* were. Those who find the Maucher diet hard to swallow are being replaced. Older managers are being eased aside ("We don't put them on the street. We avoid this kind of brutal action"), younger ones put on the spot.

At the 1,800-strong Vevey headquarters, which could be reduced by 15 to 20 per cent in some areas, Herr Maucher *has deliberately injected ten*sions between line and staff departments to produce what he calls a "new equilibrium." He has tried to encourage the same balance among the operations managers abroad: autocrats have been told to listen more, committee men to be more decisive.

At the same time, Nestlés traditional secrecy is being slowly peeled away. Herr Maucher sees that process as inevitable and irreversible. The baby *food controversy* of the 1970s still hangs over the company's reputation. And even if, as some critics say, Nestlé was not necessarily the most culpable of the food companies in the way it promoted breast milk substitutes in the Third World, it made what is now seen as the big mistake of trying to brazen things out.

Herr Maucher says he is ready to be more outspoken and more visible than his predecessors. He suggests too that Nestlé may become less reticent about putting its name on products. How many shoppers know, for example, that Nestlé is the name behind Findus, Chambourcy, Locatelli, Maggi, Crosse & Blackwell, and Wine World?

For all its diversity, the company remains very much a Swiss property. Nearly two-thirds of the 2.9m voting shares are held *inside the country* (the registered shares). The rest (bearer shares) are also quoted in Paris, Frankfurt, Dusseldorf, Amsterdam, and Vienna.

The group does not fulfil the accounting requirements necessary for a listing in London or New York (According to a former manager, Nestlé are "past masters at transfer pricing").

Despite having himself put a lot of money into Nestlé's bank accounts in the last couple of years, Herr Maucher is not in a hurry to spend it on new acquisitions. Yet it may not be long before Nestlé starts to move again into the marketplace. "We should not become nervous and take the next best thing just because we have the money. Very good companies are usually too expensive. We have of course certain ideas, certain policies and objectives. I can assure you that we are studying and analysing possibilities all the time. Something will come up one way or another: some of the things we are looking at are fairly hot."

Food is still Nestlé's main interest. "We don't have some sort of escape policy," Herr Maucher says. But the board is also looking for innovative businesses, perhaps small private enterprises lacking an international sales network or cash. There may be further expansion into pharmaceuticals through Alcon, or into cosmetics through Nestlé's minority stake in L'Oréal of France.

Another avenue that suggests itself is food processing technology, machines and plant. Herr Maucher admits, for example, that Nestlé scientists are looking at genetic engineer*ing but that it is "still a very* open question" whether the company should get involved, either by itself or in collaboration with others. All he will say is that Nestlé's next purchases are unlikely to raise eyebrows. "We don't want to be a bank with a portfolio attitude. We want to be entrepreneurs up to the very top of the company."

THE BENEFITS OF SLIMMING

(Group results: SwFr m)

	1982	1981	1980
Sales	27,664	27,734	24,479
Trading profit	2,468	2,096	1,444
Net profit	1,098	964	683
Profit as per cent of sales	4.0%	3.5%	2.8%
Cash in hand, at banks, securities and other deposits	4,073	3,519	2,982
Number of employees	141,509	145,815	153,000
Number of factories	285	302	309

Men & Matters

Change over

Under a banner emblazoned "Exchange on the move," Toronto stockbrokers, dressed in traditional top hats and tails, yesterday ceremoniously marched from the building which has housed the market for the past 46 years to their new C$25m high-tech trading floor two streets away.

The move could not have come at a better psychological moment. The final day's trading in the old Bay Street art deco building has seen the market rise to its highest level ever. The TSE 300 composite index closed on Friday at 2,436.22, 34 points above the previous high in November 1980.

During the past 10 months the index has gained 80 per cent—the largest rise in such a short period since the 1930s.

Even before the first official trade was made yesterday, the new floor was strewn with paper. As the digital clocks registered 10 seconds to opening, brokers shouted the countdown; and exactly on time the first trade took place between *the two oldest traders on the* exchange. One hundred shares of Bell Enterprises changed hands at C$28.

The new technology went into use without a hitch. The new floor is designed to increase the speed of trading and give greater liquidity to the Toronto market. Traders can be contacted by their offices through a paging system which carries enough digitally displayed information to enable simple deals to be carried out immediately.

An automated book has been installed which allows brokers to enter a trade into the stock exchange's computer for it to be picked up later by another trader. The system complements the computerised matching of buy and sell orders introduced six years ago.

But for all the video display *screens and* electronic gadgetry, brokers yesterday were still using the same old hand signals and shouts to get their deals done.

Cookability

Catering standards at British Gas will almost inevitably decline with the retirement next month of deputy chairman and chief executive Jack Smith.

Yorkshire-born Smith has long been known as the "galloping gourmet" of the industry —a promoter of cookability in more ways than one.

Smith, who began his career as an accountant, has been one of the leading figures in the resurgence of the industry which he joined in 1949, the year it was nationalised.

He worked in the West Midlands, Southern and East Midlands gas boards before his appointment to the Gas Council in 1972 as member for finance, a post he retained when the British Gas Corporation was formed in the following year. He became deputy chairman in 1976.

As chairman of the nationalised industries' finance panel since 1978, Smith has been greatly involved in the co-ordination of their accounting practices and in the debate over current cost accounting.

Outspoken

The job of chief spokesman for the West German Government has a risk element close to that of a kamikaze pilot. Yesterday Chancellor Helmut Kohl bade a fond, public farewell to Diether Stolze, 54, who has faced the press for just seven months.

Stolze's predecessor in the last dismal period of the Helmut Schmidt Government, Klaus Boelling, lasted only five months (although it was his second time in the job). Boelling in turn took over from Kurt Becker, who hung on for a marathon 15 months.

What went wrong? For one thing it must have been a bit galling to the patrician Stolze (a distinguished journalist from the liberal weekly Die Zeit) to know that he was not Kohl's first choice. The Chancellor likes to surround himself with old chums—preferably from Mainz where he was a provincial Prime Minister—and Stolze was not among them.

Others in the Chancellery had Kohl's ear, while the spokesman struggled with the bureaucratic coils of the Federal Press office. Little wonder senior Christian Democrats complained that Stolze did not put over the government line well on television.

The new victim is Peter Boenisch, fresh from 56th birthday celebrations last week. He has worked his way through a tough school—from sports reporter to chief editor of Axel Springer's Bild and Welt newspapers. On the face of it he looks more durable—but old journalistic hands in Bonn have set their stop watches all the same.

Fouled up

The quest for catchy new names for neglected technical practices and problems, pioneered in the 1960s by the one-time whizz-kid of UK technology Tony Benn, has ended abruptly.

The pinnacle of achievement was tribology, the name coined by industrialist Peter Jost for the art and science of lubrication and the costly consequences of having too little of it.

But this promising play for getting the ear of industry—and some extra research funds from government—stumbled over corrosion. Despite the ubiquity and cost of the problem, no Latin or Greek-based soubriquet could be found to help glamorise the subject.

Now even Harwell, the Atomic Energy Research Establishment—which once used to consult Greek scholars at Oxford before naming its new research reactors—has admitted defeat in renaming the problem of fouling in things like heat exchangers.

It reckons the problem costs UK plant operators about £500m a year and has organised one of its technology transfer clubs in co-operation with industrial companies to tackle the problem.

Harwell will be bringing not only its own formidable scientific expertise to bear on the problem, but also that of the DoI's National Engineering Laboratory in Scotland.

But in the matter of names it can do no better than call its new club the Fouling Forum.

Formality

Caveat investor. The Portuguese red tape machine, that most productive of national enterprises, has devised another obstacle to putting your money into that country.

Any foreigner bent on that end cannot simply pick up an application form from the Foreign Investment Institute, the body that channels all foreign investment. That would be far too simple.

Instead, the would-be investor must first file an official application for permission to apply for an application form. A nicety that may help to explain why in 1982 only one new foreign investment of any substance, in tourism, was made in Portugal.

Down to earth

Sign in a Berkshire village shop: "God helps those who help themselves. But we prosecute."

Observer

Letters to the Editor

Steel: prices and Ravenscraig

From the Chairman,
G. F. E. Bartlett and Son

Sir,—It appears that for companies such as ourselves who wish to buy British, and who depend upon British Steel for an essential supply of stainless steel sheet, any possible improvement in present levels of business is not going to be the good news for which we hoped.

Stainless steel sheet has risen in price this month by 2½ to 5 per cent. A further increase of 10 to 12 per cent is indicated for July, 1983, and further large increases are hinted at in the near future. Thus, raw material prices are advancing far ahead of domestic inflation and on a random and incomprehensible basis. This makes home and export quotations for forward deliveries little better than a lottery as rational price planning is impossible.

Unbelievably, we are also told that if our demand for British stainless steel increases, as we expect it to do through our successful sales efforts, it is more than likely that British Steel will be unable to supply our requirements.

All this is said to be due to the Davignon plan and its quota systems, together with the oft repeated statement that "steel is politics."

We are in commerce, not politics, and we feel that we are being pushed towards the great British disaster of unfulfilled delivery promises with consequent loss of sales and credibility and, eventually, of employment. This is more destructive of morale even than recession because we know that the inevitable outcome of the conduct of the EEC steel cartel will result in our being classified as another management failure area.

James Campbell.
Maylands Avenue,
Hemel Hempstead, Herts.

From the Director, British Iron and Steel Consumers' Council

Sir,—According to Mr Millan and Mr Stewart (May 6), the Cambridge Econometrics forecasts of future steel demand demolish the case for the closure of British Steel Corporation's Ravenscraig works. They do no such thing. BSC's finished steel capacity is some 16m tonnes; there is a further 3m tonnes in the private sector, making a total of 19m tonnes. This is more than 5m tonnes in excess of the highest demand forecast (13.8m tonnes) quoted by Cambridge Econometrics, equivalent to roughly three times the capacity of Ravenscraig.

Through Mr MacGregor's scheme to supply slabs to the U.S., it appears that there may be an opportunity to create nearly 3,000 economically viable jobs in Scotland, provide additional work for South Wales and lift a burden of £100m a year (the cost of keeping Ravenscraig in its present form) off taxpayers' shoulders.

Refusal to close surplus rolling mill capacity in Scotland is likely to lead to the modernisation of the hot mill at BSC's Port Talbot plant in South Wale being blocked. (Under the European Community's state aids code such investment effectively has to be offset by closures of excess capacity elsewhere.) That investment is vitally necessary if BSC is to be able in future to satisfy steel users' increasingly exacting requirements and to provide job security for its employees in South Wales. The slabs for the U.S. deal could help to break that log-jam.

It is to be hoped that when these facts are better understood, Scottish opposition to the project will be withdrawn.

J. F. Safford,
16 Berwyn Road, Richmond,

Developing regional airports

From the Deputy Town Clerk and Deputy Chief Executive, Manchester

Sir,—John Mulkern's letter (May 4) on the potential of regional airports needs some qualification.

It is not, for example, readily apparent from his comments that under vigorous cross-examination at the Stansted inquiry during 1981 his chairman was forced to concede that British Airports Authority (whose only English airports are in the south east) was in commercial competition with all the regional airports in England.

That being the case, it is hardly surprising that he understates the importance of regional passengers forced to use London. About one-fifth of all London's passengers are going to and from the regions. Were BAA to lose even a proportion of those passengers then there is no case for any further expansion of south eastern airports this century. BAA needs regional passengers and being a commercial enterprise will do, all it can to secure them! Mr Mulkern's comments should be read in that light.

Sir Bernard de Hoghton (April 26) mentioned the question of the cost, both in money and inconvenience of travelling to London to fly. It is significant that Mr Mulkern has entirely failed to acknowledge that if one takes the whole journey cost, rather than merely the air fare, the cost of travel to regional businessmen is more than enough to support many more financially viable services from regional airports.

Instead, Mr Mulkern discusses unused licences from regional airports without ever saying that a licence to fly to an international destination is no use unless approved by the Governments of both airlines involved through an air service agreement.

This part of the licensing process, designed to protect essentially south-eastern services of UK national carriers, is of critical importance. That a foreign airline already operating profitably from London and wishing to operate a parallel regional service to the same overseas destination, is permitted to do so only if it reduces its London operation more fully explains regional airports' problems. As the main beneficiary of such a policy, Mr Mulkern should have acknowledged the position.

Perhaps most worrying of all is BAA's stubborn refusal to acknowledge that the air transport industry is not an end in itself. It should oil the wheels of commerce and industry, yet almost uniquely the UK system seriously handicaps more businessmen and frustrates more inward investment than it appears to help. No foreign investor or client is going to be encouraged to trade with a northern company, given the limited communication, if there is an easier southern option.

In the UK regional variations in prosperity and economic activity already demonstrate massive disparity between the south-east and the rest of the country. BAA's obsessive concern with London is likely only to contribute to the process.

Meanwhile, businessmen may well wonder how it is that almost all our partners in Europe provide more comprehensive air services than is the case in the UK. They also ask whether the national interest is best served by stifling the development of regional airports, as Mr Mulkern is really suggesting, in order to protect the narrower interests of a south-east-dominated industry.

R. M. W. Taylor.
Town Hall, Manchester.

No votes for Britons abroad

From Mr R. Raymond-Cox

Sir,—May I, as one who gave evidence on the voting rights of Britons abroad to the Parliamentary Home Affairs Committee, congratulate you on Margaret van Hattem's article on April 28. Yours was the only newspaper to give this subject the importance I believe it deserves. Britain, while claiming to have "The Mother of Parliaments" is the only country in the world to deprive 3m of its citizens of the ability to vote and the right of representation while giving the vote to millions of foreigners (from Ireland and the Commonwealth countries) just because they happen to be living here on any October 10.

The Committee recommendation is "that all UK citizens resident in EEC countries who have at any time previously lived in the United Kingdom should be permitted to vote in British parliamentary elections." It goes on to say "their vote should be exercised in the constituency in which they were last registered or where they retain a residential property." What about those who have never been registered — probably because they were under age when living in the UK? What about the spouse of one who retains property in this country? The practical solution will be to register them in the constituency of their parent or spouse.

The Committee's recommendation does not go far enough to put right a flagrant breach of the UN Declaration of Human Rights (of which this country is a signatory), but I welcome it as a first step in the right direction. Now we need the recommendation to be passed into law before October 10, 1983 so that it affects the February 1984 register of electors.

Ronald Raymond-Cox.
7a, Douglas House,
6, Maida Avenue, W2.

A first class misjudgment

From Rowena Mills

Sir,—I think that British Rail should reconsider very carefully indeed its recent decision to abolish 1st class cheap day return fares.

These tickets appeal to three main types of consumer — the semi-retired businessman who travels regularly to the city centre one or two days a week; the full-time worker whose office is based outside the metropolis, but who travels in perhaps 3/4 times a month for meetings; and the housewife who travels in to shop, or to go to the theatre, exhibitions, etc and who takes her children to various events in the holidays.

Does BR management think that abolishing the cheap day 1st class fare will result in these sectors of the public travelling at a full 1st class fare? They will not. They will carefully weigh up the cost of their petrol and parking, and in most cases, they will abandon the train and take to the already crowded streets.

To take my own case, I travel from Haslemere to London once or twice a week. The cost of the 1st class cheap day return is £7—that of the full 1st class fare £12.80. I also pay 50p for the car park, making a total of £13.30. The distance to London from Haslemere is approximately 90 miles the round trip. At 25 mpg and £1.80 per gallon, this costs me approximately £6.50 in petrol, plus say another £1 at maximum for parking in London—£7.50. So on the train I save some 50p, and get the added bonus of being able to get through some work in relative quiet and comfort.

Once that fare goes up to £12.80 I shall certainly think again and will undoubtedly take my car, making a net saving of £5.80 a trip, £11.60 a week, £603.20 per annum. And will BR have gained? On the contrary, if everyone else does their sums as I shall do, Haslemere station, selling I believe about 100 such tickets a week, will lose some £700 per week, plus £50 on the car park, £39,000 per annum. Multiply that up over the country!

Some may decide to travel 2nd class and on those BR will receive revenue at £3.50 instead of £7 per head, so where will be the advantage to BR?

BR management should think on these things.

Rowena Mills.
West Grays,
Highercombe Road,
Haslemere, Surrey.

Portable pensions for all

From Mr T. Ross

Sir,—In its paper "Personal and portable pensions—for all" the Centre for Policy Studies attributes to me a statement that the present system of funding for corporate pensions, where the pension promised is based on future salary levels, carries "enormous risks" to both employer and employee. The paper goes on to advocate a transition to "money-purchase" schemes, where the rates of contribution for each member would be a fixed percentage of salary and the ultimate amount of pension would not, in consequence, bear a specific relationship to final salary.

I wish to make it clear that I have never made the statement attributed to me and that the Centre for Policy Studies has acknowledged this fact. Indeed, the statement constitutes a gross misrepresentation of my views.

I have stated many times that the provision of a guarantee that pensions will be index-linked after retirement (or after leaving service) would indeed impose substantial financial risks on employers and employees. But this is a totally different matter from the provision of pensions linked to final salary. An individual employer can (and, in the ultimate, must) control salary levels for his own employees. It is the rate of increase in retail prices that is outside his control.

I therefore wish to dissociate myself from the view that the risks inherent in final salary pension schemes constitute valid grounds for radically altering the present pensions structure, and in this I have no doubt that I would have the support of the members of the Association of Consulting Actuaries.

If we were to revert to money-purchase pension schemes, we would be re-inventing a system which did not work satisfactorily. Inflation has undoubtedly revealed some important shortcomings of final salary schemes and these must receive attention, but we must remember their good points too. A pension which is linked to final salary, and whose real amount is not, therefore, subject to inflationary forces or to the fluctuations of the investment markets, has outstanding advantages, not only to employees but also to employers.

I therefore fully support the views put forward by the Deputy Director General of the Confederation of British Industry, and others, at the recent National Association of Pension Funds' conference, to the effect that pressure to improve certain aspects of occupational pension provision should not be such as to undermine the considerable advantages already gained.

Thomas M. Ross.
70, Brook Street, W1.

From Mr M. Stockwell

Sir,—To suggest in your leader "Freedom in pensions" (May 4) that most employees would fare better under a money purchase arrangement—in which eventual benefits for all employees bear little relationship to final pay and are also dependent on the fluctuations of the financial markets, as opposed to guaranteed final salary related entitlements—is open to some debate. Couple this with the fact that the recommended money purchase arrangements are to be invested at the individual's discretion as opposed to the expertise of merchant banks and other investment specialists who are currently entrusted with pension fund investment, and the concept appears to be a recipe for disaster.

The problem of the early leaver, far from being created by some sleight of hand on the part of the pensions industry as you imply, is one of resource allocation. If the early leaver is to achieve a better deal then, in the absence of increased company financial commitment, the stayer must receive a reduced benefit. This re-allocation is one for companies, employees and their representatives to determine for themselves and, if the majority of employee interests were met by such re-allocation, then the change would already have taken place.

The "less arbitrary pension package" which you so strongly advocate will mean a lower pension package for most people and one under which orderly retirement planning is made a thing of the past.

The development of individual arrangements can only enhance the ability of this or any future Government to discontinue the favourable tax treatment given to formal pension arrangements and this would place even frequent job changers, such as journalists, at a disadvantage.

M. J. Stockwell
3 Rosehill,
Montague Road,
Berkhampstead,
Herts.

Genetically produced insulin

From Mr H. Finney

Sir,—Carla Rapoport (April 28) has delivered a most comprehensive article on the market forces locked in the battle for shares of the captive insulin market. As she so shrewdly observes, diabetics must have insulin and it should be added that annually their numbers grow.

Another point which did not come through strongly enough was the disciplines of injection and correct insulin intake which will, hopefully, be improved by the introduction of the standardised 100 unit insulin measure, but despite this and the various compounds of insulin to regulate reaction time, diabetics world wide are aware how changes in daily circumstances can affect their well being.

The need for genetically produced insulin will take a lot of proving, particularly when insulin can be extracted as a natural substance from the pancreas of the millions of animals which are slaughtered annually for food anyway. The chances of that supply source drying up are probably less than that of a nuclear holocaust, in which case the level of body carbohydrates would only be academic.

I would not, however, agree that the 1 per cent share of the British market taken by genetically produced insulin is not significant; time and economics will alone justify the American preparation, but in view of all the razzmatazz accompanying new products, diabetic readers may be interested in the following experience. I recently had occasion to lecture to a branch of the British Diabetics Association and my keenest questioner was a 76-year-old, chain-smoking diabetic, happily balanced on the same standard soluble insulin prescribed for him 50 years earlier. QED?

H. Finney,
32 Sandown Drive,
Sale,
Cheshire.

Strips too cramped for writers

From Mr J. Douglas

Sir,—The designers of credit cards seem to have standardised on a half-inch strip on which card-holders are required to register their signatures. Could they please cater for those of us with "taller" signatures?

I have had my one-inch-tall signature for over half a century, and it is too late now to change what has long been a reflex action.

James R. Douglas.
Delamas, Fryerning,
Ingatestone, Essex.

UK public sector pay

A Tory change of tune

By Philip Bassett, Labour Correspondent

The Conservatives scrapped the public sector pay commission headed by Professor Hugh Clegg (right). But recently there have been signs of a revival—albeit in a new form—of the idea of comparability to determine public sector wages.

WHEN the Government scrapped Labour's public sector pay commission its chairman, Professor Hugh Clegg, warned that pay comparability would rise again. The prediction seems to be coming true, though not necessarily in the way Professor Clegg meant it.

The Conservative Government has shown itself strongly opposed to fixing public sector pay by comparing it to wages paid elsewhere. Not only did it scrap Clegg, but it followed this by the abolition of the comparability based pay system for Britain's white-collar civil servants.

But despite this, comparability has started to creep back:

● Nurses. The Government is expected to announce shortly detailed proposals for a comparability based pay review body for Britain's 450,000 nurses.

● Teachers. The Government has already conceded two separate comparability working parties, one for the 440,000 teachers in England and Wales, and another for the 54,000 Scottish teachers.

● Civil servants. The Government is moving quickly to set up a new, comparability based pay system for 530,000 civil servants. This will be based on the findings of the Megaw inquiry into civil service pay.

Why should there be this turnround, covering 1.5m workers, in the fortunes of comparability, which has always been regarded by the Government as an engine of inflation?

One theory concerns the General Election. As one seasoned arbitrator put it: "Comparability always comes up at election time. The lesson of the past two elections is that it becomes an issue, because it affects the votes of hundreds of thousands of voters in key areas."

However, another and more prevalent idea is that this little-noticed, limited, but definite resurgence of comparability is significantly different from the revival foreseen by Professor Clegg.

Public service managers and some union leaders have started to discern an entirely different rationale behind the new comparability. The new idea circulating in some Government departments is that unions should be given the pay comparability they want—but that they should get it in a form which does not provide the level of pay increases they expect and which strikes deeply at their own negotiating role, leaving them outmanouvred and impotent.

Two factors lie behind this idea: the outlook for the economy and the blueprint provided by the Megaw report.

Economically, the expectation is that whether or not there is a recovery, unemployment will remain roughly at its current high levels. Private sector pay increases will therefore remain low. If pay comparisons are made only with private sector companies, as the Megaw report suggests, this will mean low public sector rises too.

So comparability—which the unions want—can be used by the Government as a tool against inflation, rather than as a mechanism for creating it.

The theory goes further than this. The pay comparability system used for the 340,000 members of the armed forces and the 80,000 doctors and dentists—the only such arrangements not to have been altered by this Government—do not just gather in the details of outside earnings for later negotiations on wage rates, but actually determines the pay increases to be made.

This type of system, applied to other public sector groups, would also be consistent with the Government's aim of reducing the power of the trade unions.

For if the pay review makes specific recommendations, this precludes separate pay negotiations. If there are no negotiations, the relevance of the unions is cut away at a stroke.

The new examples of comparability all display characteristics of this approach. On nurses' pay, for example, the Government proposes the abolition of the Whitley council negotiating machinery for nurses, which has been in force since 1948.

Though the teachers' working parties are only just getting off the ground, some teaching officials are already accepting the idea, again proposed in the Megaw blueprint, of much longer-term comparability reviews, spread over perhaps three to four years, which again reduce the union's negotiating role.

The most detailed example, though, is the Civil Service. Secret discussions between the Treasury and the Council of Civil Service Unions are racing ahead and both sides are hoping for an agreement on a new pay system by June.

The Treasury's line in the talks has been quite clear: it is proposing a tough version of the Megaw ideas. These centre on civil service pay being determined by the so-called "inter-quartile" range of outside earnings, or the band of pay between 25 and 75 per cent of the whole range of relevant private sector wages.

The Treasury is proposing a Pay Information Board to run the system, which would provide information to both sides on a wide range of issues. These include the inter-quartile wage comparisons — with major adjustments every four years and minor ones annually: the size of the outside firms to be used; and comparative levels of staff recruitment.

The Treasury insists that responsibility for determining the relevant inter-quartile range should lie not in any negotiations, but with the Board—thus short-circuiting the unions—and it has made clear that if civil servants' pay goes beyond these fixed range levels, for whatever reason, the Government will take action to bring it back into line as quickly as possible.

Only small-scale adjustment of the Board's findings will be for negotiation, and then only on specific, defined points: management requirements, such as the recruitment, retention and motivation of staff; the general economic position; staff co-operation on efficiency and productivity; pay differences between different-sized firms in the outside survey; and other considerations such as Civil Service job security.

Faced with this determination, the unions have tried to fight a rearguard action—but in doing so, they have essentially accepted a greatly-reduced role. They are trying to suggest that the Board provides only raw information, with the evaluation of this to be left to negotiations.

They are trying to push the case for the lower-paid, and for what they describe as "fair" treatment. They have accepted, though, the idea of longer-term intervals in pay determination, and the overriding importance of economic and financial considerations.

If these negotiations are concluded along the lines of the Treasury's proposals — and the lack of civil service industrial militancy suggests they are likely to be—the Government will have set an important precedent on the vexed question of public sector pay. Spread more widely, this would be a remarkable achievement.

What could look like a volte-face, is not one at all: while apparently giving the unions what they want, the Government is not doing so; while apparently making concessions, the Government is in fact securing its objectives.

As one public service union leader put it: "There is a real danger of the unions being neutralised: the unions are in grave danger of running headlong into an abyss unless they are careful."

FINANCIAL TIMES

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ISRAEL TO WAIT A FEW WEEKS FOR SYRIAN PULLOUT

Begin Cabinet faces dilemma

BY DAVID LENNON IN TEL AVIV

ISRAEL is facing a dilemma over Lebanon. Having patched up relations with Washington by agreeing, albeit in principle and pending clarifications, to the U.S. plan on withdrawal, its troops are still stuck there.

Professor Moshe Arens, Defence Minister, said that Israel would wait "a few more weeks" to see if Syria will agree to pull out its forces, a prerequisite to the withdrawal of Israeli forces. But what if Syria still refuses to go? How can Israel bring the boys home and claim victory with honour?

A war with Syria is one of the options facing the Begin Government, which is coming under steadily growing pressure to end the army's heavy involvement in Lebanon. This is not Jerusalem's preferred option, but it is a feasible one, because the Israeli military are supremely confident that they could thrash the Syrian army and push it out of Lebanon fairly quickly.

A second option, and one which is still on the Cabinet table, would be a unilateral pull-back a few miles in Lebanon to the Awali River, which is now considered Israel's strategic front line.

Although favoured by some politicians, this option is opposed by the army and the Defence Minister. Such a unilateral withdrawal, Prof Arens said, "could place us in a war of attrition along that front. If this happened, eventually we would have to go to war to end the situation."

Both these options would come into play only if Israel's preferred solution – a negotiated withdrawal *of all foreign forces* – *fails to materialise*. This depends entirely on Syria and the Palestine Liberation Organisation (PLO) who so far have been offered little to entice them to leave and apparently are not sufficiently frightened of an Israeli strike to volunteer to go before they are pushed.

It is still up to the Americans to bring about a peaceful withdrawal of all these forces. Despite the limited gains of the recent peace shuttle by Mr George Shultz, the U.S. Secretary of State, the end is not in sight.

Eleven months after the invasion designed to crush the PLO within 72 hours, Israeli soldiers are still being killed and wounded by guerrilla attacks in Lebanon.

The quiet-spoken and methodical American mediator proclaimed the Lebanon-Israel accord as a "milestone" after the Israeli Cabinet's reluctant acceptance of the deal. But, following his brief visit to Syria, his optimism seemed to wane somewhat as he spoke about "difficulties ahead."

It caused considerable surprise in Jerusalem, and no doubt elsewhere, that Mr Shultz had only just discovered, after visiting Damascus, that Syria, just as much as Israel, held the key to arranging a withdrawal of all foreign forces from Lebanon.

Israel to keep troops in Lebanon, Page 4; Soviet citizens pull out, Page 4

Goldsmith accepts apology

SETTLEMENT was announced in the High Court in London yesterday of a libel action brought by Sir James Goldsmith against the Financial Times over an article entitled "Goldsmith share dealings probed" published in the Financial Times on August 23, 1980.

Mr Charles Gray, for the defendants, told the court that they accepted that the article contained inaccuracies and was misleading and apologised unreservedly to Sir James Goldsmith, Cavenham and Basic Resources International SA for any embarrassment caused by its publication.

Mr James Price for Sir James told the court that the plaintiffs' concern in bringing the action had been to correct the inaccurate and misleading impression given by that article regarding the affairs of Sir James, Cavenham Ltd and Basic Resources International SA. Having set the record straight, Sir James had no wish to pursue a claim for damages against the paper, which he regards as a reputable publication. Mr Price stated that in the offending article it had been suggested:

That following a complaint made to it, the Department of Trade was conducting an investigation into the disclosures by Sir James of his dealings in the French company Générale Occidentale, of which he is chairman.

That the Luxembourg company Basic Resources International SA of which Sir James is also chairman was potentially in breach of the Securities Exchange Acts in the U.S. and that a shareholder action had been brought against the company and Sir James in connection with the alleged potential breach.

The court was told that these allegations implied some form of misconduct by Sir James and that the facts were as follows:

The complaint made to the Department of Trade referred to in the article had in reality been lodged by a journalist, Mr Michael Gillard, who according to Sir James's counsel has personal animus against Sir James. When considering the duty to disclose Sir James's shareholding *Sir James and Cavenham* acted in accordance with advice from their solicitors and leading counsel. *Sir James and Cavenham* have been advised by leading counsel that Sir James's interests in Générale Occidentale were and are not disclosable. None the less, since 1978-79 whenever Sir James had been a director of Cavenham, Sir James has disclosed his interests in Générale Occidentale and done so on a special full page published in each Cavenham annual report.

After Mr Gillard lodged his complaint, the inspector of companies at the Department of Trade, in a letter to Sir James, wrote that he was satisfied with the information provided to the Department of Trade and that "the department proposed to treat the matter as closed."

The shareholders' action brought against Basic Resources International SA in the U.S. and which was referred to in the offending article was *in reality frivolous and has* been dismissed by the U.S. District Court in New York. The judge was of the opinion that the plaintiffs' claim was groundless.

Mr Price went on to describe in some detail to the court a number of inaccuracies in the offending article.

THE LEX COLUMN

Jitters on the starting line

The market had been growing increasingly unhappy in the last couple of weeks over the uncertainty about the election date. Yet yesterday's announcement abruptly brought investors face to face with a far more potent source of uncertainty: the outcome of the election itself.

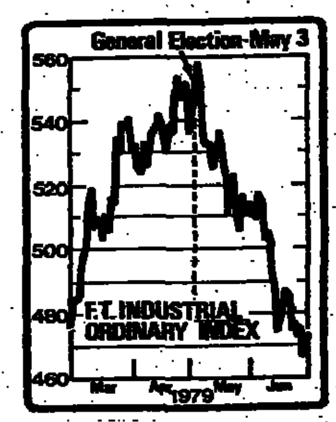
Until a few days ago a Conservative victory had been common ground in the City, but in the heat of battle any outcome becomes vividly possible. So while Ladbroke is confident enough to offer five to one on in favour of the Conservatives, since Friday the major movement in the gilt-edged market has been switching – on a fairly substantial scale – from conventional stocks into the safe hedge of the index-linked alternatives.

With the yield on the All-Share now standing at 4.8 per cent, equities are already fairly discounting a Tory victory, not to speak of sustained economic recovery. Even so, a series of strong opinion polls for the Tories could well generate the elation to push shares up a further 10 per cent or so. But with institutional liquidity by now probably back to a fairly low level, the market would probably retreat again rapidly after June 9. By contrast, signs of an incipient Labour victory are likely to spark savage markdowns.

One disguised relief for the equity market due to the early date of the election is the loss of the Telecommunications Bill. This means that the Tories' planned flotation of British Telecom will be put back from possibly next spring to late 1984 at the earliest. So investment managers will not start worrying about the BT call this year, although there are plenty of engineering companies standing in the issue queue to follow GKN in calling for any surplus funds.

For gilt-edged, the election may mark a more important watershed. In the short term there are obvious hurdles in some poorish money supply figures and the repercussions of any nervous weakness in sterling during the campaign. A 1¾ drop at the long end yesterday reflected those worries. But the more restrained increase in gilt-edged than equities in recent months has left both a wide reverse yield gap and extremely high real returns on Government stock – 5 or 6 per cent depending on the measure of inflation.

A Tory victory might, over a period of months, begin to convince the market that the present low underlying rate of inflation is genuinely here to stay, in spite of an upward blip early next year. If that conviction sunk home, gilt-edged yields could move from the present 10½ per cent to the area of 9 per cent – and incidentally come into line with the present level of equities.



BHS

The High Street phenomenon which trades under the name of Marks and Spencer threw up figures last week which can in no way be taken as a guide to the sector – and yesterday BHS duly rolled out results showing that life remains tough enough away from the video showrooms.

While pre-tax profits rose almost 15 per cent to £48.9m in the year to April, about half of the increase came from interest income and the SavaCentre supermarkets jointly owned with Sainsbury. Trading profits in the core business were up less than 8 per cent, despite the opening of three new stores.

This performance did, however, embrace a small volume increase of 2 per cent or so in the clothing division, where the group has probably gained some market share while holding staff numbers steady. The food business, however, squeezed by the likes of M and S (sales up almost 16 per cent last year) and Sainsbury (to which BHS generously credits much of the SavaCentre success), saw its volume fall about 4 per cent.

BHS is still generating more than adequate cash from this uninspiring trading performance, with liquid funds rising to almost £50m at the balance sheet date. About half this £8m inflow reflected tighter stock controls – but it also underlined the present modest rate of capital expenditure, a sign of uncertainty about how to grow.

BHS is expecting a cash outflow this year as it steps up the rate of stores development. But, like several other of the clothing multiples, it clearly needs to revitalise its trading formula as well as build new stores if it is to match the kind of underlying growth that its heavyweight High Street competitor is achieving.

In BHS's case the market is closely watching the new Harlow outlet, where the group is experimenting with a radically different layout. In the meantime – profits of about £55m this year would give a fully-taxed, fully-diluted multiple of about 18, at last night's price of 221p, which is only three points lower than that of M and S.

London & Liverpool

The bullabaloo over its shares, performance and last month's run-in with critics of the public-house football scheme have amounted to trouble on the terraces for London and Liverpool Trust. Down on the field, though, the company has played a sound game, scoring pre-tax profits of £7.2m for the year to March.

About 40 per cent of its £30m business equipment sales – half of total revenues – consist of high-margin software goods, distributed to a fast growing customer base. This suggests an improving quality of earnings and the company has also taken pains to deduct £2.9m of profit on future lease receivables and full recourse sales from the pre-tax figure. The management's development of its pub video screens and jukebox businesses attests a shrewd eye for new markets and the company has several new product plans involving at least three major Japanese manufacturers.

But London and Liverpool incurs the limited business risk of a broker while collecting fat profits as a principal in its hardware and video equipment sales, and this seems too good a thing to endure for long. When competition pares the margins, the company will presumably rely increasingly on software sales and on video advertising revenues. These are not conspicuously easy markets for a small company although London and Liverpool has made a strong start. Down 38p yesterday in apparent disappointment over the £2.9m deferral, the shares, at 260p, stand on a multiple of 17.5 fully-taxed, for investors with a sense of adventure.

Socialists consolidate hold over Spain

By David White in Madrid

SUNDAY'S municipal and regional elections in Spain have given the ruling Socialist Party a predominant role at all levels of the country's democratic institutions, and set the seal on the collapse of the political Centre.

With definitive results still awaited yesterday, the Socialist Party was reckoned to have taken over 43 per cent of the votes in municipalities across the country.

The drop of between 2 and 3 per cent compared with the party's vote in last October's general election reflected the return of "borrowed" votes to the Communists, who doubled their general election score to reach an estimated 8 per cent, leaving the Left with an absolute majority.

Sr Manuel Fraga, leader of the right-wing opposition, made the most of an approximately 1 per cent increase in the score of his Alianza Popular party, at the head of the conservative coalition which polled about 26 per cent. He welcomed the country's move towards a two-party system.

This trend, complicated by the resilience of nationalist parties in the Basque country and Catalonia has come about following the break-up and collapse of the centrist UCD, which governed Spain in the transition period after General Franco's death in 1975.

The splinter centrist CDS party, headed by former Prime Minister Adolfo Suarez, was one of those to suffer most, falling below 2 per cent of the vote, according to provisional results.

The Socialists extended their hold on main towns, which they already won four years ago, when they won major population centres including Madrid, Barcelona and Valencia. New gains include the North African enclave towns of Ceuta and Melilla, and La Coruña in the Northwestern Galicia region, Sr. Fraga's home territory.

They received one major setback at the hands of the Communists, however, who held on to the town hall of Cordoba with a dramatic outright majority. Socialist mayors were voted in in the other seven provincial capitals of the Andalusia region.

In the Basque Country, Socialists gained ground in industrial areas, although the conservative Basque Nationalist Party (PNV) held its own to keep Bilbao and San Sebastian, promising a tough fight in regional elections there next year.

Herri Batasuna, regarded as the political front of ETA-Militar, the hard-lined Basque terrorist group, *appeared to have lost support in the* wake of recent killings.

In Catalonia, the nationalist Convergencia party stagnated in the region as a whole, although it improved its performance in Barcelona, where the Socialists *fell short of* an outright majority.

The Socialists *were assured* control of 10 of the 13 new regional assemblies which were also up for election.

Sun in $290m bid to create Florida's largest banking group

BY WILLIAM HALL IN NEW YORK

SUN BANKS is offering $290m for Flagship Banks in a bid to create the largest banking group in Florida with combined assets of $8.5bn. It would rank among the top 35 banking groups in the U.S.

Sun, based in Orlando, is already the third largest banking group in the fast-growing state, while Miami's Flagship ranks fourth.

Flagship was the subject of an unsuccessful takeover bid from Canada's Royal Trust Company a couple of years ago and is now in the midst of a legal battle to prevent Sr Vincente Pérez, a Venezuelan, from increasing his stake in the group.

Sr Pérez has 9.9 per cent of Flagship's shares and an option to buy another 11.7 per cent from Mr Frank Smathers, a former Flagship chairman.

Sr Pérez and his Venezuelan company, Inversiones Credival, has told Sun Banks that the proposal is financially attractive and they are prepared to support Sun's bid.

Under the proposal, Sun Banks is offering either cash or common stock for Flagship's 9.47m shares. Those electing cash would receive $35 a share but this applies to only 40 per cent of Flagship's outstanding capital. The remaining 60 per cent would be converted into Sun Banks' common stock at a rate ranging from 1.0 to 1.298 common shares of Sun for each Flagship share.

Flagship's directors said yesterday that the Sun proposal in its present form was not in the best interests of all the Flagship shareholders. The Flagship board has advised management to continue discussions and possible alternatives.

Flagship has assets of $3.3bn and 146 offices. Sun has assets of $5.2bn and 184 offices.

Fraser group wins vote over Harrods demerger

BY CHARLES BATCHELOR IN LONDON

BRITAIN'S House of Fraser stores group has defeated an attempt by its largest shareholder, Lonrho, to hive off its prize asset, Harrods of Knightsbridge, but will have to fight the demerger battle again next month.

Shareholders voted 65.6m shares in support of the House of Fraser board compared with the 63.8m votes cast for Lonrho's plan at last Friday's extraordinary general meeting.

The 1.8m share majority, which was revealed when the result of the vote was announced yesterday, was larger than had been expected but showed how finely the two sides are balanced.

Fraser coupled last Friday's vote on the demerger issue with a vote of confidence in its board in an effort to strengthen its own position.

Lonrho yesterday said it will go ahead with its plan for another vote on June 30 to consider the merits of the demerger proposal alone. This marks a further extension of the six-year struggle for power at Fraser – one of the longest in UK corporate history.

Professor Roland Smith, chairman of House of Fraser, stressed the large number of individual shareholders who had supported the company – 13,576 against only 2,067 who backed Lonrho.

"The outcome was not as close as Lonrho and some commentators were expecting. Six times as many shareholders voted for the House of Fraser as for Lonrho. That is a fantastic level of shareholder support.

"The institutions are in there as well. I don't believe they are weakening in their support.

"I hope that the figures would emphasise that the meeting on June 30 is not really necessary. I thought there was an air of reconciliation around at last Friday's meeting. The exchanges were not so bitter."

But Mr Paul Spicer, a Lonrho director, said the company would press for the demerger of Harrods on June 30. "Friday's vote was very narrowly lost because it was basically a vote of confidence and had very little to do with the demerger."

"This small win by the House of Fraser is not a massive vote of confidence. Two or three very powerful institutions must have voted in favour of a demerger and made it very clear they do not have confidence in the Fraser board."

Fraser's shares fell 10½p to 184p ex-dividend yesterday while Lonrho was an unchanged 93p.

Italian and French in talks on Zanussi

By Paul Betts in Paris

SIG Filippo Maria Pandolfi, the Italian Industry Minister, yesterday tried to win French Government support to involve the nationalised Thomson group in the rescue of Zanussi, Europe's leading producer of home appliances.

The Italian Minister was due to hold talks with M Laurent Fabius, the new French Industry Minister, and with Thomson officials in Paris yesterday. The talks in Paris follow the collaboration agreement announced last week between Philips of the Netherlands and the troubled Italian group.

The Italian Government has attempted to persuade Philips and Thomson to join Zanussi in an effort to resolve the problems of the Italian company burdened by large debts and losses.

But it appears unlikely that Thomson, which recently spurned a collaboration deal in video cassette recorders with Philips for a landmark *licensing arrangement* with JVC of Japan, will be prepared to enter into an agreement with Zanussi.

Zanussi's heavy indebtedness coupled with the Italian company's excessive workforce are understood to be putting off Thomson from considering a joint deal.

Election puts brake on UK legislation

BY IVOR OWEN IN LONDON

AS MINISTERS began clearing the legislative decks for Friday's dissolution of the UK Parliament, Opposition leaders last night sought to delay until after the general election the tax concessions provided in the budget for top salary earners.

Mr Peter Shore, Labour's *Shadow Chancellor of the Exchequer*, guaranteed in negotiations with Mr Leon Brittan, Chief Treasury Secretary, that the opposition would cooperate in ensuring that all the essential financial provisions needed to prevent disruption of the revenue reached the statute book within the *inevitably rushed timetable*.

He argued, however, that the increased thresholds for higher-rate income-tax payers and those liable to the investment income surcharge – authorised by a Finance Bill clause already approved by MPs – ought not to be included in the truncated version of the measure which the Government is now seeking to enact.

The Telecommunications Bill, designed *to permit the private sector* to acquire a 51 per cent stake in British Telecom and the major item in the Government's privatisation programme, is the biggest casualty among the legislation jettisoned by the Prime Minister when she opted for a general election on June 9.

Other measures dropped include the controversial Police and Criminal Evidence Bill and the Housing and Building Control Bill.

The Data Protection Bill, approved by the House of Lords and at the committee stage in the House of Commons, may also fail.

With the constraints on parliamentary time providing the Opposition with a formidable weapon, Mr Brittan was involved in some hard bargaining with Labour's Treasury spokesmen over how much of the 164-page Finance Bill should be allowed to survive.

Mr Shore emphasised that the mainstream provisions covering income tax, corporation tax and the increases in excise duties imposed in the budget would be *given a fair wind*.

He suggested, however, that clauses embodying changes in the petroleum revenue tax, designed to encourage the development of new North Sea fields, were in a category that ought to be left until after the election, when the new Government could undertake fresh negotiations with oil companies.

Labour leaders were warned by Ministers that *failure to approve* the clause making £30,000 instead of £25,000 the limit for mortgage-interest relief would result in there being no limit at all in the current financial year.

The British Shipbuilders Bill, which opens the way for the *disposal of state-owned shipyards* to the private sector, was among the measures which received the royal assent yesterday.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	64	Dubrovnik	R	15	59	Malaga	S	26	79	Salzburg	F	11	52
Algarve	S	22	72	Faro	F	21	70	Malta	S	22	72	Seoul	S	25	77
Algiers	F	20	68	Florence	C	21	70	Manila	S	37	99	Singapore	R	32	90
Amsterdam	F	13	55	Frankfurt	F	13	55	Miami	S	23	73	Stockholm	S	15	59
Athens	F	20	68	Funchal	F	18	64	Milan	S	19	66	Strasbourg	C	15	59
Bahrain	S	36	97	Geneva	C	13	55	Moscow	C	14	57	Sydney	S	24	75
Bangkok	S	34	93	Gibraltar	S	21	70	Munich	R	11	52	Taipei	R	30	86
Barcelona	F	18	64	Guernsey	C	11	52	Nairobi	C	26	79	Tangier	S	19	66
Beirut	F	20	68	Helsinki	S	15	59	Naples	C	17	63	Tehran	–	–	–
Belgrade	C	18	64	H. Kong	R	28	82	New Delhi	S	40	104	Tel Aviv	–	–	–
Berlin	F	15	59	Innsbruck	C	10	50	New York	C	8	46	Tenerife	F	22	72
Biarritz	D	14	57	Inverness	C	10	50	Nice	S	19	66	Tokyo	S	23	73
Blackpool	S	11	52	Istanbul	S	21	70	Oporto	D	14	57	Toronto	F	1	34
Bordeaux	C	15	59	Jersey	C	11	52	Oslo	R	8	46	Tunis	C	19	66
Brussels	F	14	57	Jo'burg	S	22	72	Paris	C	14	57	Valencia	S	25	77
Budapest	R	14	57	Las Palmas	C	21	70	Prague	R	11	52	Venice	C	14	57
B. Aires	F	18	64	Lima	S	28	82	Reykjavik	S	10	50	Vienna	R	10	50
Cairo	S	28	82	Lisbon	C	16	61	Rio de J'o	C	34	93	Warsaw	R	14	57
Cape Town	F	21	70	Locarno	S	21	70	Rome	F	21	70	Zurich	F	10	50
Caracas	C	28	82	London	R	11	52								
Casablanca	C	19	66	Los Angeles	F	14	57								
Copenhagen	C	10	50	Luxembourg	C	13	55								
Corfu	F	21	70	Madrid	F	13	68								
Dublin	C	8	46	Majorca	F	23	73								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Thatcher ends uncertainty on poll

Continued from Page 1

tributed by stirring up speculation. Some of her advisers made no secret of their preference for a June election.

By the end of last week, many Conservative MPs feared that Mrs *Thatcher was in danger of losing* the political initiative. She was urged to go for a June election because of the party's lead in the opinion polls, varying between about 9 and 15 per cent.

Advisers wanted an election before the recent recovery of Labour, as shown in local elections, could be consolidated and before the Social Democrat/Liberal Alliance could regain momentum after its setback.

The present state of the parties in the Commons is: Conservatives 334, Labour 239, Liberals 13, Social Democrats 29, others 17, the Speaker 1, and two vacancies. The Speaker presides over debates but does not vote.

At the last general election, in May 1979, the Conservatives won an overall majority of 43 seats, defeating the Labour Government of Mr James Callaghan.

The Conservatives then won 339 seats, Labour 268, the Liberals 11 and others 16. The Social Democratic Party had not been formed at that time.

The Conservatives are likely to emphasise in their election campaign the "resolute approach" of facing up to Britain's problems and to outline proposals for encouraging wider property ownership.

Mr Foot, for Labour, said that the "*resolute Prime Minister has been* pushed, pulled and panicked even faster than expected." He claimed that the trend was moving strongly in Labour's direction but was not there yet.

For the Social Democrat/Liberal Alliance, Mr Roy Jenkins welcomed the election announcement. He said it was "high time the uncertainty was over" and, he said, "everything is to play for."

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday May 10 1983

MONTEDISON SELLS HOLDING IN MAJOR REALIGNMENT

Fiat lifts Snia stake to 25%

BY JAMES BUXTON IN ROME

IN AN IMPORTANT shift in the balance of power in Italian private industry, the Fiat group is to take the dominant stake in the textiles and defence equipment company Snia Viscosa. At the same time Montedison, the Italian chemical giant, has sold its stake in the company.

Montedison announced yesterday that it had sold its 15.7 per cent holding in Snia, but did not name the purchaser. At the same time, Snia announced that it is to go ahead with an operation which will almost double its capital, after which Fiat's stake will rise from 5.8 per cent to 25 per cent and that of Medio Banca, the Italian merchant bank, from 10.4 per cent to 15 per cent.

By purchasing existing shares from Montedison, subscribing to new shares and making purchases on the open market, Fiat is acquiring the largest single holding in Snia, some 60 per cent of whose shares are currently held by small shareholders. It is unterstood that the operation will cost Fiat L60bn ($41m).

Snia has gone through a long period of difficulty in the past 10 years, but is now recovering, thanks to reorganisation, sale of assets, and the remarkable success of its defence and space subsidiary, BPD Difesa Spazia, whose share of the company's sales is expected to reach 40 per cent this year against only 15 per cent in 1979.

The Snia parent company made a marginal net profit of L1.36bn in 1981. Group sales last year were L1630bn.

To reflect the changed emphasis of the group and make itself more attractive to shareholders, Snia decided earlier this year to incorporate its subsidiary BPD into the parent company and change its name from Snia Viscosa to Snia BPD. The move will save tax and give the parent company easier access to the defence company's revenues.

The capital increase, which will take Snia's share capital from L137bn to L263bn will reduce its heavy debt burden.

For Fiat the deal emphasises the more expansive strategy being followed by the group

Crocker cuts staff as profits decline

By William Hall in New York

CROCKER National Corporation, which ranks among the least profitable of the major U.S. banks, has cut its workforce by 10 per cent, shedding 1,400 jobs, over the last nine months. The group, which is majority-owned by Britain's Midland Bank, estimates that it will save $35m a year as a result of the staff cuts.

Despite an injection of nearly $500m of new equity capital from Midland Bank over the last couple of years, Crocker's earnings have been falling. Last year's net income of $72m was the same as in 1978, although the bank's balance sheet has nearly doubled in size over the period.

Crocker's declining profitability – it was one of only a few major banks to report a drop in first quarter 1983 earnings – is causing concern at Midland Bank. The latter, which is less profitable and more highly geared than other UK clearing banks, is anxious to see Crocker improve its return on capital and so justify its very major capital investment in the twelfth biggest U.S. banking group.

Crocker executives admit that if the group's return on equity had equalled the average for the top 25 U.S. banks, its earnings would have been more than doubled at $157m last year. The combination of the extra capital, which will enable Crocker's balance sheet to grow by around a third, plus the potential for improving profitability means that Crocker's profits could jump sharply if the management takes the right decisions.

The reduction in staff numbers, which has largely been effected by natural wastage rather than redundancies, is the most visible sign of the group's efforts to improve profitability. It has also withdrawn from certain services such as retail lock box processing

Mercedes-Benz to cut investment in Brazil

BY ANDREW WHITLEY IN RIO DE JANIERO

MERCEDES-BENZ do Brasil, the country's leading manufacturer of buses and trucks, currently enduring an exceptionally severe decline in sales, is to slash investment over the next five years' to DM 417m ($171m), from DM 1.2bn in the five years to 1985.

Herr Werner Lechner, president of the Brazilian subsidiary, said last week the next two years would be tough, especially in view of very high anticipated financing costs.

Truck sales by Mercedes-Benz in the first four months of the year were 30 per cent down on the same period in 1982. Bus sales were only marginally better, showing a decline of 24 per cent.

The West German company nevertheless maintains a commanding 54 per cent of the Brazilian truck market and 86 per cent of the bus market.

It continues to fare better than its main competitors in the Brazilian truck business, Saab-Scania, Fiat and Ford.

Unlike automobile sales, which have picked up strongly over the past six months thanks to a revival in the Government's alcohol fuel programme, the once booming commercial vehicles market in Brazil continues to worsen in line with the general recession.

In the face of a one-third reduction in its sales last year, Mercedes-Benz do Brazil was fortunate to end the year still in the black. Recently declared net profits were Cr 4.8bn (DM 45m at the end year exchange rate), on sales of Cr 178bn.

For the first time in recent years the dividends were not repatriated to West Germany. In 1981, the first year of recession in Brazil, net profits were Cr 8.3bn.

One reason for the West German company's continuing hold on profitability has been its successful reduction of its labour force, from 21,000 in August 1981 to 11,500 today.

The reduced investment programme is to cover product improvement and, possibly, new models at Mercedes-Benz's Sao Bernardo plant in Sao Paulo state. Expansion is said to be out of the question in the light of the fact that output is currently running at less than 40 per cent of capacity.

Exports of buses and trucks from Brazil have been hit even harder than domestic sales. Last year's export earnings by Mercedes-Benz were worth $107m, two-thirds down on the previous year.

According to the company, the virtual closing of former important markets in Latin America – notably in Chile, Argentina and Venezuela – is largely responsible for the collapse. Half of 1982 exports went to the U.S.

Rütgerswerke reduces dividend for 1982

BY JOHN DAVIES IN FRANKFURT

RÜTGERSWERKE, the West German chemicals, plastics and sealants group, is cutting its dividend under the impact of recession. The payment for 1982 is being set at DM 7 per DM 50 share, after being held at DM 8.50 for the previous two years.

The group's sales revenue last year slipped 2 per cent to DM 2.49bn ($1.02 bn), with 31 per cent of sales abroad. After taxes and transfers to reserves, the balance sheet profit was DM 13.9m, down 11 per cent on the previous year.

Professor Heinz-Gerhard Franck, the chief executive, said yesterday that revenue in the first quarter of this year was 3 per cent below that of the relatively good corresponding period a year ago. The underlying earnings position had not improved, he said.

Professor Franck said that Rütgerswerke had been pressing ahead with its long-term strategy of product innovation and entry into new, but related, activities.

The group joined with the Kureha Chemical Industry Company of Japan last November to form a company to market a solution used in preparing carbonless copying paper. A production operation is planned in Duisburg.

Rütgerswerke and an Italian partner have set up a Sicilian-based operation to market a bituminous sealant.

Conti-Gummi ahead but omits payout

By Jonathan Carr in Bonn

CONTINENTAL Gummi-Werke, West Germany's leading tyre manufacturer, boosted profits in 1982 but is again omitting a dividend to allow reserves to be strengthened further.

Net profit of the parent company rose to DM 5.7m ($2.34m) from DM 600,000 in 1981 on sales up by 2.3 per cent to DM 1.9bn. One key reason for the improvement was the market success of Conti-Gummi's newly-developed winter tyres.

Group net profit also showed a marked improvement, rising to DM 20m from DM 700,000 on world sales, including industrial products, up by just 0.6 per cent to DM 3.2bn.

Bouygues to buy U.S. builder

By David Marsh in Paris

BOUYGUES, the fast-growing French building group, has moved into the U.S. construction market by signing a preliminary accord to take over HDR, a $75m-a-year turnover building and engineering company based in Omaha.

The acquisition is expected to be completed within the next few weeks. Bouygues last night would not give a purchase price but said the company's capital and reserves totalled $17m and that it was currently making a profit.

HDR, set up 66 years ago, specialises in civil engineering and in work on transport and energy systems, water treatment and environmental protection. It employs 1,250 people, of which 1,000 are engineers and technicians.

Bostroms expects to cut losses

By Our Financial Staff

BOSTROMS, the Swedish shipping group, expects losses for 1983 to narrow. Trading in liner services and bulk transport remains weak, the company says in its annual accounts, but "certain improvements" are now beginning to show through.

As a result, the group deficit this year is likely to be lower than the SKr 88m ($11.5m) of 1982. Revenues last year totalled SKr 1.97bn, down from the SKr 2.2bn of 1981, when Bostroms ran up a loss of SKr 3m.

Baldwin sells Bell stake

By Our Financial Staff

BALDWIN-UNITED, the troubled U.S. financial services group, is to sell about 460,000 shares in Cincinnati Bell back to the Ohio-based telephone services company. Terms were not disclosed.

Baldwin-United revealed in a Securities and Exchange Commission filing at the end of April that it had reduced its holding in Cincinnati Bell. In another cash-raising move, it agreed to sell its stake in Continuum Company, a computer services concern, for $23m in cash.

Probe into Pacific Copper dealings

BY LACHLAN DRUMMOND IN SYDNEY

THE National Companies and Securities Commission (NCSC) has begun investigating share trading in Pacific Copper. Last Thursday Bond Corporation Holdings boosted its stake in the company from 21.4 per cent to the 49.1 per cent holding confirmed yesterday.

The Commission began interviewing several Sydney brokers yesterday in an effort to find what lay behind the cat-and-mouse trading between Bond's brokers and other dealers, and to discover who is behind continued buying at prices beyond the A$1.15 a share Bond is prepared to pay.

At the heart of Thursday's dealings were the Bond group's traditional brokers, Jackson Graham Moore and Partners, who handled the selling of most of the 4.3m shares picked up by Bond, but also later bought at up at A$1.20. Jacksons did not buy for Bond.

Jacksons acted for two of the biggest sellers, Jensen Investments and Western Residential, each with about 10 per cent of Pacific's capital in parcels bought last year from company's financed into their holdings by Bond Group companies.

Western is owned by Mr Brian Copping, who has insurance and investment interests, has been previously associated with Mr Alan Bond, the Bond Corporation chairman, and is a director of Jensen.

Under Australian law, a group must make a takeover offer once it becomes entitled to more than 20 per cent of a company – with the exception of 3 per cent additions to holdings each six months – and the NCSC has been pursuing the 20 per cent stake sold by Jensen and Western for signs of some formal association with Bond in its various stages of ownership.

Now the long-awaited bid from Bond has emerged, the NCSC is clearly concerned that all proper procedures be followed.

Management buy-out by TI subsidiary

BY PETER BRUCE IN LONDON

ONE of Britain's leading manufacturers of catering equipment has been bought out by its management from the TI Group for an undisclosed sum.

The four senior directors of TI Catering Equipment, based in Leeds, completed the buy-out yesterday, with the backing of the National Westminster Bank. The company, which has changed its name to Jackson Catering Equipment, plans to cut 20 jobs from its 180-strong workforce.

A TI official said the sale of the company, whose turnover of about £4m ($6.28m) last year amounted to less than 1 per cent of the whole group, was part of TI's "rationalisation and reorganisation" strategy.

"The offer from TI Catering Equipment gave us the opportunity to profitably release a company from the domestic appliance division which is no longer in the mainstream of our group activities," the official said.

Mr Alan Waller, managing director of the former TI subsidiary, said his management team had been talking to TI about the sale of the business for six months.

Chrysler in shares plea

CHRYSLER has tentatively proposed that the U.S. Government should give up its right to purchase up to 14.4m of the car-maker's shares at $13 each, a Chrysler executive said.

Following a meeting with government officials, Chrysler vice-president and treasurer Mr Frederick Zuckerman said the matter was discussed and will be reviewed by the staff of the Federal Loan Guarantee Board.

After the meeting, Mr Zuckerman would not elaborate on why Chrysler presented the proposal

Recent reports have suggested the government could make a profit of $220m if it exercised the right and purchased all 14.4m shares. Chrysler stock traded yesterday at $28¾.

When the loan from the government was arranged three years ago, Chrysler agreed to grant warrants to purchase its stock to the government in return for the promise of loan guarantees. Reuter.

Erap buys 70% of Le Nickel

By Our Paris Staff

ERAP, the French state energy holding group, is to take a 70 per cent stake in the troubled New Caledonian nickel mining company Société Le Nickel under an overall FFr 1.45bn ($197m) rescue package confirmed by the company at the weekend.

The two present shareholders Elf Aquitaine and Imetal, the minerals holding company, will reduce their stakes from 50 per cent each to 15 per cent, but will provide Le Nickel with advances of FFr 200m each to help plug the company's heavy losses.

As reported last week, Erap will provide a total of FFr 350m while Le Nickel will also receive a FFr 700m 15-year bank loan at subsidised interest rates to help lengthen the maturity and lower the cost of its FFr 2.5bn debts.

Le Nickel said in a communique that it has been taking measures since the end of 1982 to lower nickel production in the face of the slump in world demand. Productivity is being increased and spending cut back following a loss of FFr 850m last year.

These measures with a recovery in nickel prices should help achieve a "progressive recovery" of Le Nickel's financial position.

GM files $1.25bn shelf registration

By Our Financial Staff

GENERAL Motors Acceptance Corporation, financing and insurance arm of the giant U.S. motor manufacturer, filed a shelf registration with the Securities and Exchange Commission covering $1.25bn in medium-term notes due from nine months to five years from the date of issue.

Proceeds will be added to the company's general fund and will be available for credit financing or for the refunding of about $1.25bn of similar notes maturing within one year.

Such proceeds initially may be applied to the reduction of short-term borrowings or invested in short-term securities, the registration document said.

SPANISH PAPER GROUP OPTIMISTIC DESPITE CRIPPLING DEBTS

Collapsed – but still viable

BY DAVID WHITE IN MADRID

"IT IS a perfectly viable business," said a senior board member of Torras Hostench, Spain's fourth largest paper producer. "A first-class company," concurred an independent expert, "despite everything."

Although, that is, the company has just gone into receivership, constituting the biggest industrial collapse in heavily industrialised Catalonia: although its only claim to top-20 status among Spanish companies has been in the size of its losses, which were Pta 1.32bn (almost $10m at current exchange rates) in 1981, and are described as having been no better in 1982; although Pta 14bn worth of bank debt, equivalent to almost a year's turnover, now has to be rescheduled; and although the man responsible for building it up as a modern group is a fugitive from Spanish justice following a banking scandal and is believed to be living in Brazil.

The root of the problem, quite apart from the difficult market conditions facing any European paper producer, lies in a policy of headlong expansion pursued in the early 1970s, financed essentially not from the stock market but from foreign loans, contracted at low rates and with apparently limited exchange risk. These debts have become an overwhelming burden in the last five years as the dollar's value in peseta terms has virtually doubled and as the company has lacked dollar income to service the loans.

Torras Hostench took the business world by surprise on the last day of March by applying for a suspension of payments, alongside its fully owned subsidiary, Industrial Cartonera, declaring joint liabilities of more than Pta 23bn ($170m). By coincidence, a smaller Catalan paper company called Torras Domenech, related through the Torras family but otherwise unconnected, followed the same path immediately afterwards.

The move came just a year after the departure of Sr Higinio Torras as chairman. Sr Torras headed the family business throughout its phase of spectacular development and made it into one of the most brilliant companies in the sector.

Among the group's creditors, some criticise him now for branching out too much from the business he knew well – that of fine paper – into cardboard, pressboard, forestry and other activities. But, at the time, many other Spanish companies were doing the same in a bid to cash in on the prospect of EEC membership. In 1979, Torras still stood out among Spanish paper companies, turning in profits of Pta 457m.

The expansion, which brought the company up to 1,800 employees, with plants in Catalonia, Andalucia and Castile and an ambitious forestry venture in Brazil, followed an undeniable long-term logic of an integrated gamut of activities, but provided no guarantee of short-term profits.

In 1980 its profits shrank to virtually nothing and it has since wallowed in losses among the ranks of Europe's debt-laden paper groups. Two years ago a merger was mooted with the state-controlled pulp specialist, Empresa Nacional de Celulosas (ENCE), in a bid to create a Spanish company able to hold its own among the 20 biggest European groups in the sector, but it came to nothing.

After three years during which Torras took on debts estimated at $45m from foreign banks, a letter of intent on refinancing the bank debt was signed in December, 1981, after lengthy negotiations. The agreement included Pta 900m of new credit. "The banks knew it was not a solution," a manager of one of the main Spanish creditors said. "But they thought that perhaps the market might improve in the next two years."

Meanwhile, Banco de los Pirineos, a small bank which Sr Torras had set up in the mid-1970s, declared it was suspending payments the same month. There were allegations of forgery and the case went to the courts. The chairman, who had branched out into the newspaper business and politics at the same time as banking, resigned in March from the Catalan Parliament, where he sat as a centrist, and from Torras Hostench, his main business.

But the paper group, 20 per cent owned by the family, has remained untainted by the scandal at the bank, which is now engaged in bankruptcy proceedings.

In the first half of last year there was even talk of recovery. But the second half turned bad again, despite an increase in sales for the year from Pta 14bn to an estimated Pta 16bn.

A fresh debt renegotiation became necessary at the end of the year, the plan being a refinancing pact, plus new loans of Pta 1.3bn.

While the company's shares have been suspended on the stock market, it plants keep going, with new credits through the receivers enabling payment for payroll and supplies.

INTERNATIONAL CAPITAL MARKETS

Dao Heng flotation details announced

By Robert Cottrell in Hong Kong

HONG KONG'S Dao Heng Bank has detailed the terms on which it plans to go public later this month. Its new Malaysian-controlled holding company will become one of Hong Kong's largest quoted financial groups, with pro-forma net assets (including goodwill) of HK$1bn (U.S.$145m), and forecast profits after tax of HK$58.3m for the year to June 30, 1983.

The present majority owner of the Dao Heng Bank group is the Hong Leong Malaysia group of companies, controlled by the Kwek family.

Hong Leong Malaysia holds 51 per cent of Dao Heng through its wholly owned Hong Kong subsidiary Hong Leong Overseas. A further 46.45 per cent of Dao Heng is held by investment clients of Swiss bank Lombard, Odier. Hong Leong Overseas also owns a Hong Kong financial services group, Hong Leong Enterprises, whose activities include stockbroking and insurance.

The master company in the flotation of Dao Heng is a "shell," with net assets of HK$24.7m called Marsworth. Marsworth plans to "lighten" its shares by means of a 10-for-one split, and to offer shareholders a further nine-for-10 scrip issue. It will acquire the entire issued share capital of Dao Heng Bank group for 600m new subdivided shares, valuing the bank at HK$900m.

It will further acquire the share capital of Hong Leong Enterprises for HK$90m cash, raising the funds by means of a four-for-one rights issue. Both acquisitions will be made on prospective earnings multiples of 17, according to documents sent to Marsworth shareholders. Marsworth is advised by merchant bank Jardine Fleming.

The flow of new equity will increase Marsworth's issued share capital from HK$13m on May 5 to HK$723m following the Dao Heng and Hong Leong Enterprises acquisitions, due to be approved at an extraordinary meeting on May 19.

Hong Leong Overseas, meanwhile, is making a general offer of HK$2.45 for each subdivided Marsworth share. Agreements made with Marsworth directors in respect of existing Marsworth shares, and with Lombard, Odier clients in respect of new shares issued for Dao Heng, will ensure Hong Leong Overseas a stake of some 70 per cent in the new enlarged holding company, to be renamed Hong Leong Company.

Dao Heng is one of Hong Kong's top 10 banks, with total assets of HK$4bn, and shareholders' funds of HK$392m at December 31, 1982. Its subsidiaries include a deposit-taker, Dao Heng Finance. It is a major local home mortgage lender. Corporate clients include textile group Lo's Mee Kwong, currently undergoing debt restructuring. Dao Heng cautions that its profits forecast is based on there being no loss on the HK$40m outstanding to Lo's Mee Kwong.

Dao Heng was bought by Hong Leong from Grindlay's Bank of the UK for £100m ($157m) in March 1982.

Tan retires as OCBC chairman in September

BY KATHRYN DAVIES IN SINGAPORE

ONE of the best-known bankers in the Far East, Mr Tan Chin Tuan, is to relinquish his post as chairman of the Overseas Chinese Banking Corporation (OCBC) on September 30, following his 75th birthday.

OCBC was formed in 1932 as the result of a merger of the banks in Singapore owned by Hokkien-speaking Chinese. One of them was headed by Mr Tan's father, Mr Tan Cheng Siong. Tan Chin Tuan became joint managing director of the new bank and was elected chairman in 1965.

From shareholders' funds of $3m in 1932, OCBC grew to over $500m at the end of 1982, despite the fact that it has the reputation of being one of the most conservatively and secretly managed banks in Asia, deliberately seeking to live up to its motto "as solid as a rock."

The OCBC building, the tallest in Singapore – known locally from its shape as "the pocket calculator" – epitomises the solid image of the bank and of the man who has been so closely identified with it for more than 50 years.

In the bank's latest annual report, Mr Tan notes that he has been trying to retire for the past 15 years but has now finally decided to hand over to a designated successor. The successor has not yet been named, but is widely believed to be 55-year-old Mr Yong Pung How, currently managing director of the Monetary Authority (MAS), Singapore's quasi central bank, and also head of the Government of Singapore Investment Corporation (GSIC) which invests the republic's foreign reserves. Mr Yong was formerly vice-chairman of OCBC before being seconded to the Government in March 1981. He in turn will be succeeded at MAS and GSIC by Mr Richard Hu, chairman and chief executive of the Shell group of companies in Singapore.

Although OCBC profits grew much more slowly last year, compared with a series of impressive performances in the 1970s, (by just over 1 per cent to $61.3m), results were not marred by the bad debts besetting some other local banks, most notably the government-controlled Development Bank of Singapore (DBS). This is seen as justifying OCBC's highly conservative lending policies which have sometimes been criticised by more adventurous banks. Under Mr Tan's leadership the bank has made few requests for additional cash from shareholders and only then under circumstances in which they were described by one observer as "disguised bonus issues."

If, as expected, Mr Yong takes over from Mr Tan it will formalise a distinct break with the kind of family-run banks and businesses often associated with the Chinese in South East Asia, in which children succeed their parents. Mr Yong is a graduate of Cambridge and the Harvard Business School and originally practiced law. His banking career began in 1966 when he was asked by the Malaysian central bank to reorganise Malayan banking, before he joined a merchant banking subsidiary of OCBC.

Mr Tan is not expected to sever his connections with OCBC completely after September 30. He is likely to remain on the board as a director and will be appointed as honorary president.

He is expected to maintain at least some of his other business interests, including the chairmanship of Straits Trading and OCBC's insurance subsidiary, Great Eastern Life.

Advance for Casio Computer in year

By Charles Smith in Tokyo

CASIO Computer Company, the leading Japanese maker of calculators and digital watches, increased its profits by 9.8 per cent to 12.6bn (S53.73m) in the year ending March 31, 1983, the company announced yesterday.

The higher profit was earned on sales of Y161.2bn, up 6.9 per cent from the 1981–82 level. It reflected an improvement in the ratio of cost to sales and in the company's financial balance. The weakening of the yen during 1982 resulted in substantial windfall profits on Casio's dollar denominated exports but these were partially offset by foreign exchange losses on exports denominated in other currencies.

Sales by Casio's electronic calculator division, which accounts for just over half total turnover, grew by a modest 1 per cent last year of Y77.9bn while electronic watch sales put on a 3.7 per cent gain to Y54.3bn. By far the fastest growing section of the company was the computer and systems equipment division which achieved a 36.4 per cent increase in sales. This reflected Casio's introduction of personal computers as well as strong demand for electronic musical instruments.

Unlike other leading Japanese manufacturers of electronic consumer products, Casio is not a manufacturer of integrated circuits. The company claims, however, to be the largest customer of three top Japanese IC manufacturers, Hitachi, NEC and OKi, at least one of which now maintains a special Casio production line in its IC division. Casio's strength since its foundation 26 years ago has been in design and marketing with a remarkable 25 per cent of the company's total labour force engaged in research and development. Casio held "more than 60" press conferences in 1982 to announce new products and reckons that the typical market life of its products is between six months and one year.

Repco bids for Ackland group of Canada

BY LACHLAN DRUMMOND IN SYDNEY

REPCO Corporation, the Australian automotive products group, has fitted another piece into its international strategy with a A$32m ($28m) offer for 60 per cent of Canada's leading automotive parts distributor, Acklands.

Repco has received undertakings of support from "certain large shareholders" in the Canadian group, although the deal will be subject to approval by the Foreign Investment Review Agency in Ottawa.

The move comes a week after Repco announced a A$34m subordinated convertible note issue and soon after it moved to bring together its three New Zealand car parts groups in a single 60 per cent owned entity, Repco NZ Corporation.

Repco already draws annual turnover of A$60m from North America through Auto Parts (Canada) and Repcoparts USA, which distribute replacement parts for imported cars.

Ackland turnover is around A$330m a year from its 19 warehouses and 275 retail outlets across Canada.

Repco recorded net earnings of A$33m on sales of A$700m in its last full year to June 30

Commodities slump hits Dunlop Estates

DUNLOP Estates, the former plantation subsidiary of Dunlop UK, but now part of the Malaysian Chinese Multi-Purpose Holdings, has reported a sharp drop in earnings for the second successive year owing to depressed commodity prices, and is halving its final dividend to 10 cents.

Pre-tax profit for the year ended December 1982 fell by 38 per cent to 10.2m ringgit ($4.5m) on sales which fell 13 per cent to 95m ringgit.

Despite the poor results, shares of Dunlop Estates have shot up on the Kuala Lumpur stock exchange from 4.8 ringgit at the start of the year to 7.8 ringgit last week.

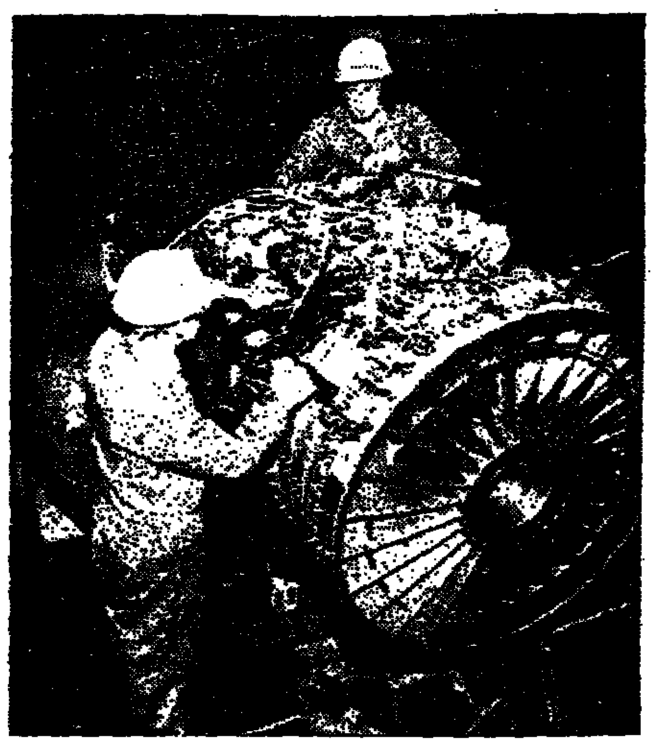
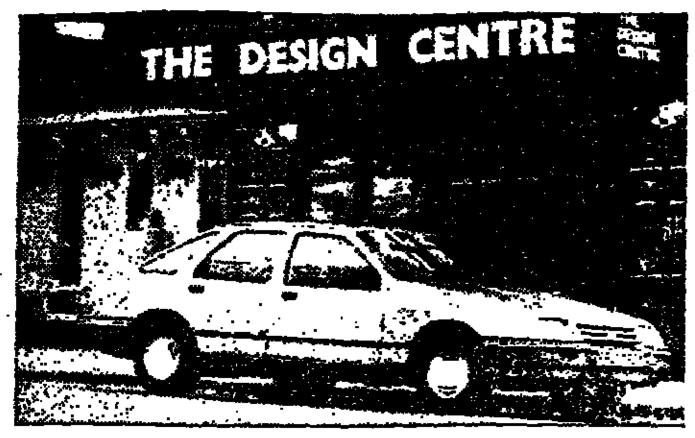
FINANCIAL TIMES SURVEY

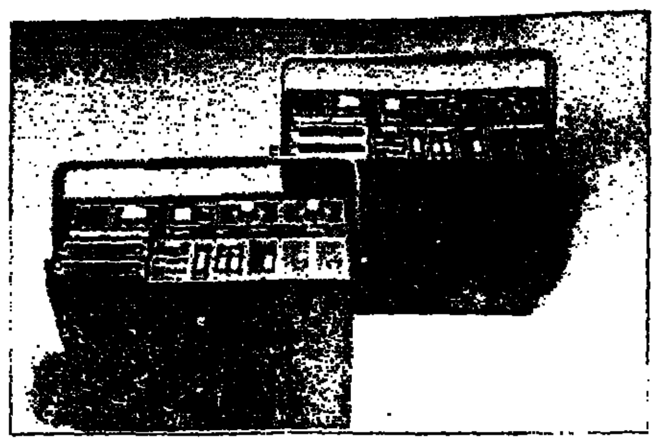
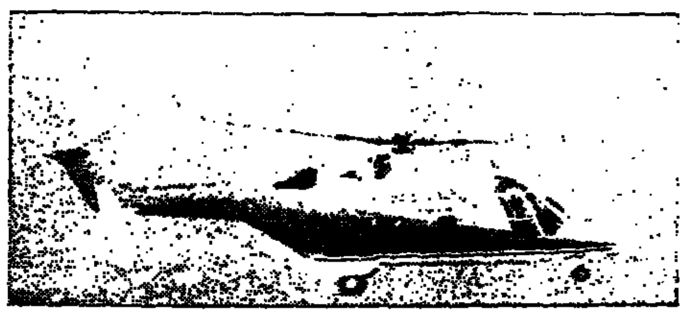
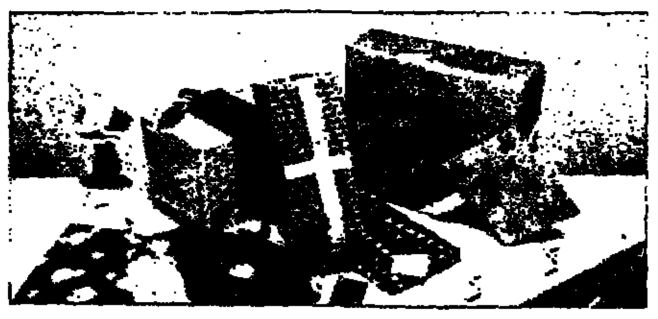
Tuesday May 10 1983

DESIGN IN BRITISH INDUSTRY

THE DESIGN COUNCIL AWARDS 1983

The present drive to improve the standard of design can only succeed if it is matched by raising the social status of designers and giving them more influence in industry.

DESIGN AWARD WINNERS INCLUDED THE PEGASUS VECTORED-THRUST TURBOFAN ENGINE BY ROLLS-ROYCE, THE FORD SIERRA, WESTLAND'S 30 SERIES 100 HELICOPTER, THE QUADMATIC PACK FLASH UNIT BY BOWEN SALES AND SERVICE AND MILLIMETRE'S GREETING CARDS AND WRAPPING PAPER

BY CHRISTOPHER LORENZ
Management Editor

NOT SINCE the days of Victorian grand gesture can Whitehall have been devoting such energies to tackling the perennial problem of how to improve the standard of design in British industry. Even the foundation in 1944 of the precursor of the Design Council was not as significant; it was a brave step at the time, but the organisation's initial brief was too narrow, which can hardly be said of the current batch of initiatives.

Less than four years after *cutting back its support for* design (through the Design Council's budget), Mrs Thatcher's *Government has* gone into reverse. It is tackling the problem on an unprecedented number *of fronts—so much so*, indeed, that the misbegotten businessman may soon be in *danger of getting confused, and* of missing the point. But provided that a little more coordi*nation can be arranged between* different government departments, there must be some *chance that the current* "design drive" can succeed where so many past attempts have failed.

Where it could founder, however, despite the very best intentions of all concerned, *is on social and managerial* attitudes. However strong the commercial case for giving design and designers more influence, acceptance of it by businessmen will remain only *skin-deep so long as the social* status of design remains low. The problem was posed neatly a few months ago by Lord Reilly, former director of the Design Council and now a director of Conran Associates, Sir Terence Conran's design practice: "*Design is a subject* which needs constant cherishing at all levels in a country like *Britain, where most people are* never taught to use either their hands or their eyes when at school."

Given the time it will take to change social attitudes via the *educational process, and the* limited effect a blitz on business can have, design could certainly *do with more public attention.*

In the 16 months since it opened, London's Boilerhouse gallery — financed by Sir Terence—has made *considerable* strides in that direction but it can never attract more than a small minority audience and it will have to be left to some enterprising television producer really to put industrial design on the public map.

In its drive to change attitudes within industry, the government's most dramatic action so far was last month's *more-than-tripling (to £10m) of* Department of Industry funds for the Design Consultancy Scheme, which it launched just a year ago; on an annualised basis over three years, this puts the cost of the scheme not far short of the Council's entire budget.

£3m funding

Set up to subsidise the use of design consultants by small *and medium-sized manufacturing* firms, and administered by the Council's Design Advisory Service, the *scheme had* exhausted its original £3m funding within a year. The fact *that most of the demand* is coming from companies which had not previously used design consultants is encouraging, though it remains to be seen whether the unexpectedly quick uptake means that the recipients are at last treating design as "central" to their *commercial success*, as DoI minister John Butcher claims. But it certainly looks as if the *DoI* is beginning to make a dent on the 60 per cent of British industry which perceives design "poorly," as the department's research puts it.

Like the funded consultancy *scheme, most of the* DoI's other initiatives over the past year were inspired in one way or another by various proposals which the design establishment itself put to Mrs Thatcher and the Industry Secretary over drinks in Downing Street 18 months ago. The list includes:

- the belated *commissioning of* research into the impact of design on purchasing decisions;
- assistance for the London *Business School's* Design Management Unit, a pioneering attempt to get practising executives as well as postgraduates to integrate design into their management studies;
- support for a similar initiative, though on a much broader front, by the Council for National Academic Awards on *behalf of polytechnics and other* local authority-funded institutions;
- funding for the Design Council to commission curriculum development work for secondary and tertiary-level design courses;
- and help for the Council's launch of a new newspaper, Designing, for secondary schools.

Such stimulation of design within the education curriculum has been given welcome support—potentially, at least—by last *spring's* decision from the Engineering Professors' Conference to start accepting certain "A" *levels in* Design and Technology as a qualification for university entry. But university attitudes *will* be *slow* to change, as evidenced by the stand-offish treatment which has been handed out to a *number of* D & T students since the decision was taken. (The current debate about design *education* —and the threat of untimely cuts in many art and design *colleges — is discussed on the* final page of this survey.)

Resistance of this sort certainly suggests that institutions *of further education are paying* predictably little attention to the message of the DoI's "Design for Profit" campaign. But this nine-month awareness campaign —consisting of newspaper advertisements plus a nationwide programme of regional seminars—does seem to be reaching its target audience of top managers in manufacturing industry.

Clear message

The DoI's message comes over clearly in the campaign: that good design involves satisfying *customer needs by ensuring that* the product is entirely "fit for its purpose" in terms of a whole *range of factors: cost of manufacture* (and therefore of sale); performance; reliability; ease of use *and maintenance*.

But the initial publicity material for a Department of Trade campaign, to be launched tomorrow by a bevy of government ministers including the DoI's *own* Patrick Jenkin, suggests that it plans to lump these and other attributes together under the vague term "quality." Unless the two departments can get together before the autumn, when the *DoT's campaign really gets* rolling, there is a high risk that they will end up putting over a contradictory *message rather* than the complementary one they should be presenting: that good product design needs to be backed up by quality assurance or what is generally known as "total quality control" in the manufacturing process. Design is not a small part of an amorphous concept called quality, in other words, but the very thing that introduces *quality* into the process of making a product.

It is in this sense of "*quality*" *that the DoT's White* Paper on Standards, Quality and International Competitiveness *should be seen, together with its* new register of quality-assessed firms, and its companion pro*posals for new standards* and certification schemes.

The government is convinced that *such measures will* aid British competitiveness. But such features of tangled bureaucracy *have recently* been condemned by many of the *designers* whose proposals helped spark the government's renaissance of interest in design. Rather than rules and regulations, they argue that *what is needed in industry* are management processes which reinforce a greater recognition of the *obvious*: that its Japanese, German, Italian and other foreign competitors succeed in the British market and elsewhere partly because consumers like the design of their products.

Design pays, in other words—which *is precisely* the intended message of the Design Council's annual awards, even if the *judges still sometimes choose* products on excessively subjective grounds, with not enough *eye to the commercial criteria*. There is again a sprinkling of such awards this year, especially in the perennially controversial decorative products category. In general, however, as the articles in this survey show, the 1983 awards look a particularly strong bunch, in terms both of originality and commercial potential—in some cases the potential is already being realised. One can only hope that the awards have an exemplary effect on those many companies which still need to pay more attention to design.

DESIGN IN BRITISH INDUSTRY II

Profiles of one of the winners in each of the six categories are found on this page and page IV

Flexibility pays off in carbon fibre fly reel

THE BASIC function of a fly rod and reel is to propel an artificial fishing fly with accuracy for distances of 30 yards or more, often into the teeth of the wind. The success of this operation depends on the rod having great power in action coupled with perfect balance. With such tackle the angler can cast all day without tiring, but if the rod and reel are unmatched there is not the fluency in movement which is the mark of perfect casting.

Until 25 years ago good fly-rods were made of green heart or built cane, good material but comparatively heavy and these heavy rods required a fairly heavy reel to balance them, many of these were well designed metal or even wooden affairs, in fact the criterion of a good reel was size and apparent strength. Then rod designers used artificial materials, first glass fibre and then the latest carbon fibre.

A carbon fibre rod is extremely light and powerful and is rapidly replacing other materials. To match it manufacturers have used lighter materials for reels, aluminium, magnesium and new carbon fibre used in the award winning Dragonfly 60 reel made by British Fly Reels at the Intrepid works in Falmouth.

Balance

Keith Duffelen, the company's chief engineer, set out to design a reel which would be light enough to balance the lightest carbon fibre rod, which dictated the use of carbon fibre where possible and of the simplest construction compatible with performing the reels basic function.

This is to store the line and to control the fish once it has been hooked, and to prevent the reel over running when stripping off line. This is done by what is called drag, a braking system. All British reels have these and in the main they consist of a system of adjustable ratchets which are very effective and give out the familiar screech of the reel when a fish is hooked.

Apparently only the British and some North American anglers like this loud signalling of their success.

The European and many other export markets prefer the silent approach. So the Dragonfly 60 includes a ratchet mechanism which can be used or not as the angler prefers. The drag mechanism is adjustable, silent, and most effective, and the reel can quickly be changed from right to left hand operation.

This flexibility is important as British Fly Reels exports some 70 per cent of its output and claims to be the largest manufacturer in volume of fly reels. Its range includes larger reels for salmon flies but Britain is not an easy market for fishing tackle in general.

Some years ago the company manufactured its own rods and other types of reel, but increasing competition from Sweden and France and now the Far East have forced the company to concentrate on fly reels in its Falmouth factory which was originally planned to produce a variety of fishing tackle.

More popular

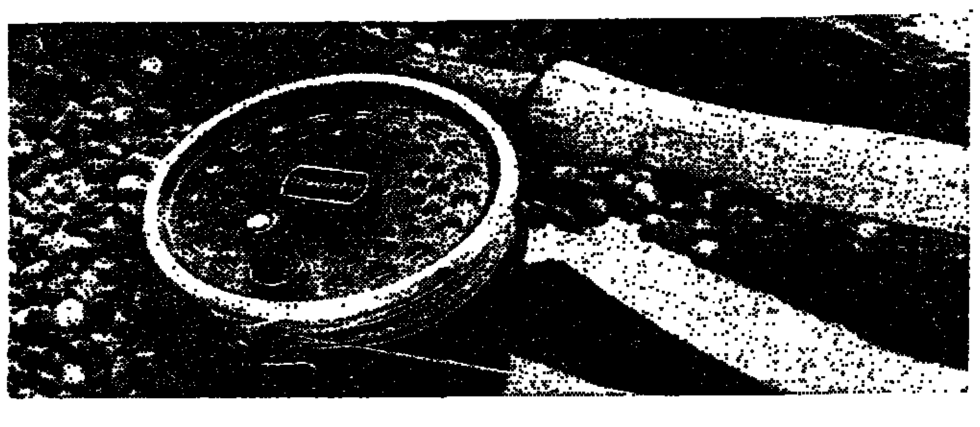
With the spread of trout fishing to lakes and reservoirs the sport is becoming much more popular and there are now believed to be some 600,000 fly fishermen in the UK alone. The techniques of this still water fishing include the use of different weights of line to meet various water conditions. Rather than rewind the new line on the reel most anglers now keep their reserve lines on separate spools and the sale of spare spools is an important source of revenue.

I was told that there was some resistance to the Dragonfly 60 when first marketed because of its use of carbon fibre instead of metal and extreme simplicity of construction. Fly fishing used to have a very upmarket image and the cost and complication of the tackle was fully exploited by those supplying wealthy customers.

That is almost gone now. While a few shops might still sell tackle at the recommended retail price the advertising pages of such papers as Trout and Salmon are full of heavily discounted offers of all manner of tackle.

The pressures of this market ensure that the staff at the Intrepid factory have to be flexible and adaptable to every job. It is a highly integrated operation, 90 per cent of the reel components are made on the site. The only diversion from reel manufacture when I was there was a line of floats for gill nets, such as unscrupulous sea fishermen use, to intercept the salmon making towards our rivers. There is an irony in this.

John Cherrington



The Dragonfly 60 fly fishing reel: loud and soft signalling heralds success

CONSUMER AND CONTRACT GOODS
DURABLE

COMPANY	PRODUCT
Bowens Sales & Service	Quadmatic Pack Flash Unit
British Fly Reels	Dragonfly 60 fly fishing reel
Rabone Chesterman	Multiview Spirit Level
Wonderclip	Dandyclip

Safety seat for the awkward age

BY EARLY March, supporters of legislation introduced at the end of January making front seat belt-wearing mandatory were congratulating themselves. From all over the country statistics were coming in showing a marked drop in deaths and injuries. In some countries, fatalities and serious injuries had dropped by nearly a half.

Even so, the UK is still only at the "half-way house" stage in terms of tackling in-car safety. It remains out of step with Continental countries in still allowing children to travel in a front seat. And while not yet a legislative fact in other countries, the mandatory provision and wearing of belts by rear seat passengers is high on safety campaigners' priority lists. It is not hard to see why: an unsecured adult rear-seat passenger effectively weighs a ton or more as he or she is propelled into the belted, front seat, occupants of a car involved in a frontal crash at anything more than crawling speed.

Recommendation

Thus while the Britax Star Riser booster seat for children can be used to allow a child to travel in the front seat, Britax strongly recommends that it be used only in the rear, in conjunction with either a special child's safety harness, or, more conveniently with a lap and diagonal adult belt.

Since the booster seat — which wins for Britax Excelsior of Byfleet, Surrey, the sixth Design Council award — is specially designed for use with an adult belt, it is Britax's hope that the need to provide at least one adult belt in the rear will lead to increased fitting of rear seat belts overall.

The Britax seat, launched in the middle of last year, is just one competitor in a booster seat market which has mushroomed since the beginning of 1982. Nevertheless, the Design Council was impressed by the simplicity of its design and thought it "a considerable improvement" over others on the market.

The seat overcomes the problems encountered when, at about the age of four, a child becomes too big for a conventional infant's safety seat, yet until the age of 12 or older remains too small to wear an adult belt safely (lethally, the diagonal strap of an adult belt crosses too near the neck), or the child can 'submarine' beneath the belt in a crash.

The Star Riser lifts the child by about 3½ inches on a firm but lightly cushioned base, so the adult belt can be used comfortably, and safely.

A major aim in its design was to prevent 'submarining.' The shape of the cushion, which is made of lightweight moulded polyethlylene, plays a part. But it depends, too, on adjusting the position of the adult belt. This is achieved by lugs around the rear of the seat through which the belt's lap section is passed, to keep both child and seat in place. The diagonal strap, too, is coupled to an adjuster strap attached to the seat which routes it over the child's shoulder and away from the neck.

Not directly safety-related, but of importance to both child and parents, particularly on longer runs, is that it allows the child adequate vision thus reducing the risk of boredom and fidgeting. Britax' design team also tested children's reaction to the seat, finding that it met their approval in that it looked like a "normal" car accessory, not a childish one, and appeared to reduce car sickness.

The children themselves led to one design change being made, after they complained that early versions had too long a cushion, giving them "pins and needles" in the backs of their legs.

Components

The Star Riser is being sold at a recommended retail price of £15.64, and is also being marketed in Germany, France, Sweden, Denmark and Norway.

Britax Excelsior is a subsidiary of the BSG International Group, whose motor industry activities include components manufacturing activities both in the UK and on the Continent, and the Bristol Street Motors vehicle sales group.

Acquired by BSG in 1973, Britax is the manufacturer of a wide range of safety equipment, and is a major seat belt supplier to the European vehicle manufacturing industry.

Its past Design Council awards have been for industrial safety harnesses (1978); a fuel tank drainer (1979), yachting harness and heated external vehicle mirror (1980) and a seat for handicapped children (1981).

John Griffiths

BRITISH MOTOR INDUSTRY

COMPANY	PRODUCT
Britax Excelsior	Star Riser booster seat
Ford Motor Company	Ford Sierra
Leslie Hartridge	Hartridge 2500 diesel fuel pump test stand

Luggage takes a big step forward

THE CAMBRIDGESHIRE town of Papworth Everard is well used to excellence. Its famous hospital is renowned the world over for pioneering in the heart transplant field.

Its neighbour, Papworth Industries (including its subsidiary Papworth Travel Goods) carries the same name to leading stores at home and abroad on its fine leather goods. These, according to top UK luggage buyers, rival the keen foreign competition — namely the Italians, French, Far Eastern and South Americans — in a market they had made their own.

Recognition of the company's attention to detail, striving for pleasing design, and general craftsmanship now comes to them in the shape of a 1983 Design Award for its Yuki collection of hand luggage.

In a market for years dominated by the overseas competition with its cheaper labour and materials and often superior design, Papworth Industries keeps the British flag flying.

Leading luggage buyers in London's top department stores rate the exclusive range as high if not higher than its much-acclaimed Italian rivals. The quality is much better, said one, beautifully made, said another. Harvey Nichols luggage buyer said: "In my opinion, this range is as good as anything coming out of Italy. It's worth every penny." Considering there are only about two English companies in this exclusive leather luggage field (Tanner Krolle being the other) is no mean feat.

It may not be the most remarkable looking range at first sight with its familiar squashy, unstructured shape, but in finish, care of detail, durability of as the company would say wearability (motto "Luggage is worn not carried") it is of the highest standard. Yet it was the design factor that most impressed the Design Award judges. One put it: "Until now the market has been very dull, but this (design concept) is a great stride forward."

Certainly local reaction at this year's Birmingham Spring Fair, where the company showed for the first time in about eight years, the response was "astonishing," according to Papworth designer Julie Monks. Some of the surprise she reckoned was due to the fact that the manufacturer was English.

What makes this award the more remarkable is that Papworth Industries is in fact a registered charity though this is something it doesn't trade on. Originally set up in 1921 it grew up around the hospital—then a centre for tuberculosis patients—as a rehabilitation centre.

But if its staff is largely made up of disabled workers, they see themselves strictly as a highly commercial concern. The company operates on a quasi-co-operative basis with all profits channelled back into the local community to provide facilities for the residents.

Although the mainstay of the company's production is run-of-the-mill quality luggage, from haversacks and hold-alls to document cases and suitcases, it is also alert to change at the luxury end of the market where it makes its name.

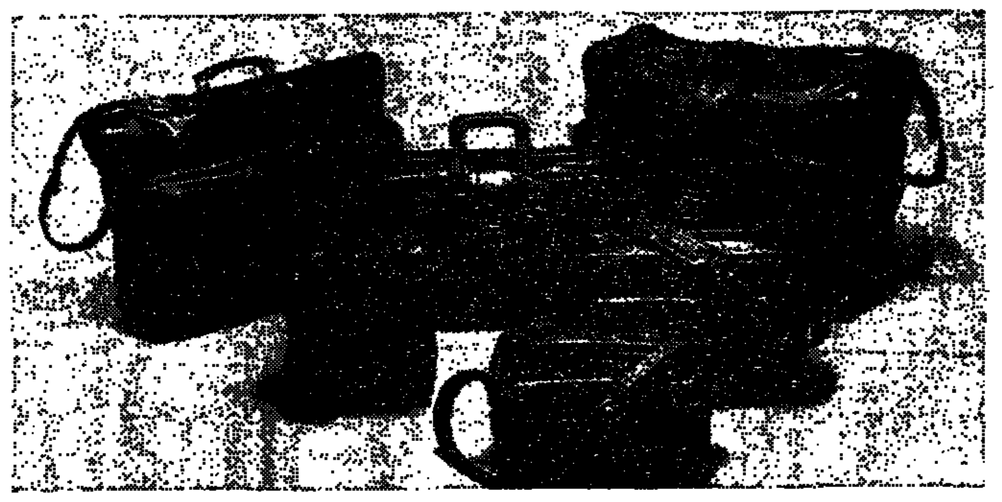
It was this willingness to take risks in the search for new business that influenced the decision to break out from the stiff box shapes and turn the "safe" production line around to cater for the newly fashionable unstructured styles, then coming in from abroad.

Papworth Industries invited Yuki, the respected fashion designer, architect and interior designer, to conceive the range which they then spent 18 months developing. After much research into consumer needs, and scouring of markets for the finest materials — the leather is a cross between upholstery and dress material, the lining fabric, closely woven on a special machine — the Yuki collection was born.

Harrods reports it selling extremely well. Fortnum and Mason say it is a steady seller, of a better quality than its Continental rivals with finer finish.

The range is cunningly unisex, in neutral shades of sienna, black or sage green. Papworth Industries report sales are fast in the UK with new markets emerging in both U.S. and Japan. The company is no stranger to the Design Centre. Some 98 per cent of the company's products have been selected for its index.

Feona McEwan



Yuki collection of hand luggage from Papworth Industries: as good as anything out of Italy

CONSUMER AND CONTRACT GOODS
DECORATIVE

COMPANY	PRODUCT
House of MayFair	New wave wallcoverings by MayFair
Loncraine Broxton & Partners	Mindbenders black and Chrome and coloured puzzles
Millimetre	Greeting cards and wrapping paper
Papworth Industries	Yuki-designed travel goods
Sally Anderson (Ceramics)	Sally Anderson tiles midsummer range

Star Riser booster seat: Britax recommends its use in the rear of a car

Monarch digital exchange wins admirers

WHEN British Telecom first launched the Monarch 120 telephone exhange in London in December 1980 its long-suffering customers fell over each other in the rush for the new product.

The initial rush had more to do with British Telecom's failings than the Monarch's undoubted qualities. At the time almost any modern, computer controlled exchange would have met an equally strong demand.

British Telecom as monopoly supplier had left customers waiting for years for new technology in small exchanges of less than 100 lines. Large organisations wanting exchanges of more than 100 lines had been able to buy such equipment for several years from companies like IBM, GEC and Plessey. (British Telecom did not exercise its monopoly for large exchanges).

Even in 1980 the supply of even old exchanges using antiquated technology could take up to a year to be installed, the legacy of industrial action and inefficiency.

When the Monarch 120 exchange finally became available it proved to be one of the most sophisticated small PABXs (private automatic branch exchanges) in the world. The Monarch is one of the few British telecommunications products to be produced recently which has met strong interest in overseas markets.

The exchange was designed and developed by British Telecom's research laboratories at Martlesham Heath, near Ipswich. The product engineering was done by GEC Telecommunications and Plessey which are the major suppliers of Monarch.

Monarch is a sophisticated digital exchange which can connect up to 120 extensions and 32 exchange lines. Although all modern telephone exchanges are electronic and have computer control it is still fairly rare to have digital switching.

Most exchanges use analogue technology where the voice is transmitted in "wave form." A digital exchange switches code which has been converted into binary pulses like those in a computer. One of the important aspects of a digital PABX is its potential use for switching information between equipment such as word processors and computer terminals.

The Monarch 120 offer a range of facilities which were previously only to be found on the highly expensive large exchanges. Features include: automatic diversion of calls, abbreviated dialling of frequently called numbers, automatic redialling, easy changing of extension numbers, and conference calls.

The Monarch is built on a modular basis which means the system can be expanded to take more exchange lines or extensions by plugging extra printed circuit boards. Compared with old electro-mechanical exchanges of the same capacity which took up a whole room the Monarch is small—like other electronic PABXs—and fits easily into an office.

The judges of the Design Council awards were impressed at the flexibility of the Monarch exchange and its competitive pricing, as the only British designed product in this line. With British Telecom retaining its monopoly in this size of PABX until at least July the only comparable product available in the UK is made by Canadian-based Mitel.

British Telecom sells the Mitel exchange the SX200 as the Regent. This exchange also has an extension range of features and has computer control but uses analogue switching, and is significantly cheaper than Monarch.

But the Monarch's costs have been reduced recently as a result of the greater integration of its microelectronics which also means the exchange is smaller. A new version has also been developed which will double its capacity and will also be able to switch computer data.

New companies which hope to compete in the PABX market, after the liberalisation of the telecommunications monopolies, hope to prove that it is possible to produce a far cheaper machine than the Monarch.

Jason Crisp

Keith Salmon

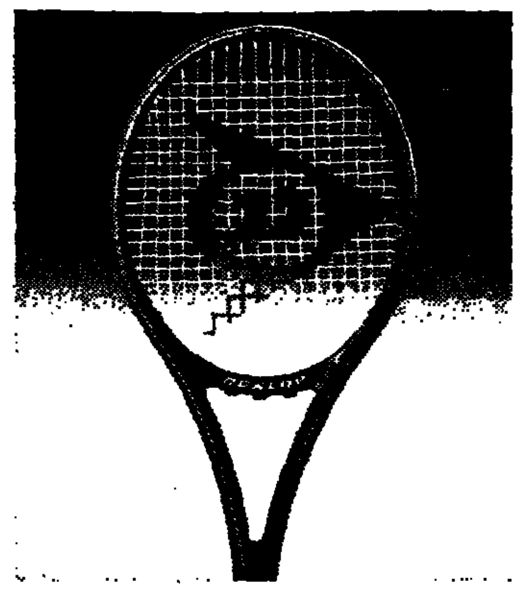
Monarch 120 exchange: sophisticated digital exchange which can connect up to 120 extensions and 32 exchange lines

ENGINEERING PRODUCTS

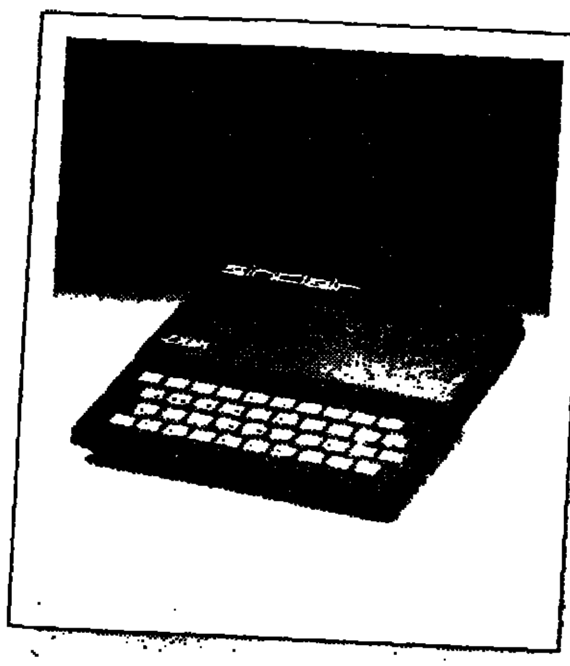
COMPANY	PRODUCT
British Telecom	Monarch 120 611 connect system
LancerBoss	G series front-lift truck range
Rolls-Royce Ltd	Pegasus vectored-thrust turbofan engine
STC Business Systems	STC 300 perfector
Wadkin Machine Tools	Vertical CNC machining centre
Westland Helicopters	Westland 30 series 100

IT'S NOT THE BEST OF BRITISH LUCK. IT'S THE BEST OF BRITISH DESIGN THAT MAKES THEM SO SUCCESSFUL.

A BRITISH DESIGN. A BRITISH SUCCESS STORY.
British Leyland's Range Rover.

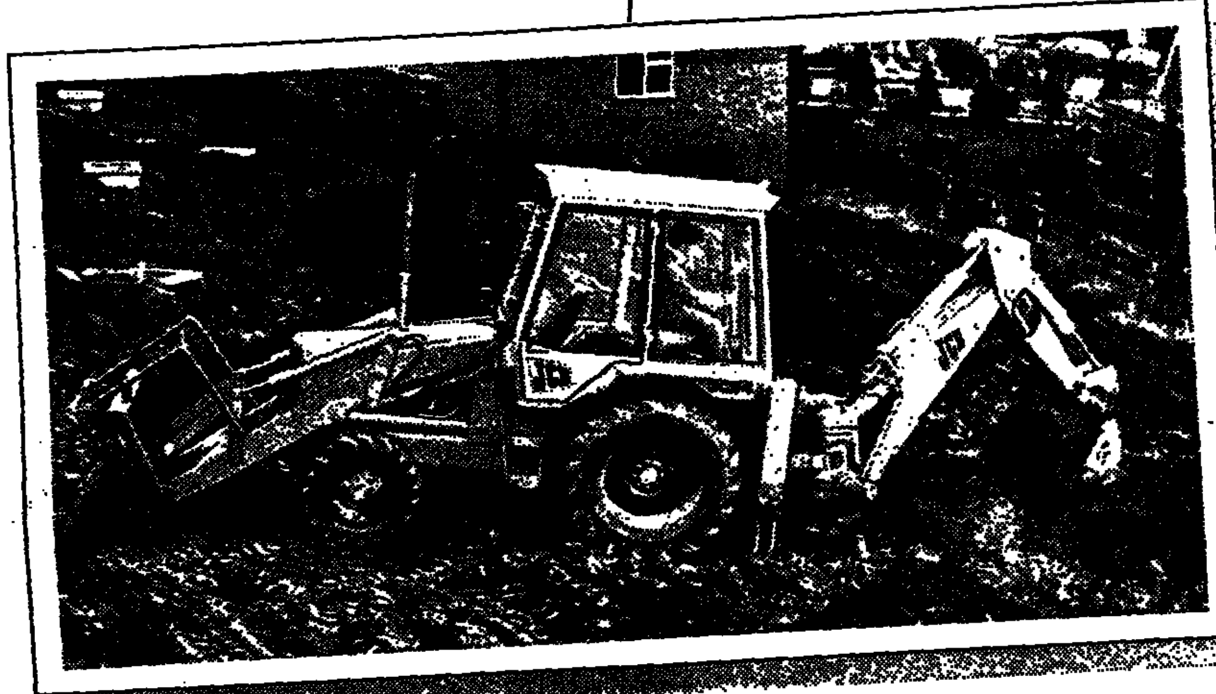


A BRITISH DESIGN. A BRITISH SUCCESS STORY.
The Dunlop Max 150 G Carbon Fibre Tennis Racket.



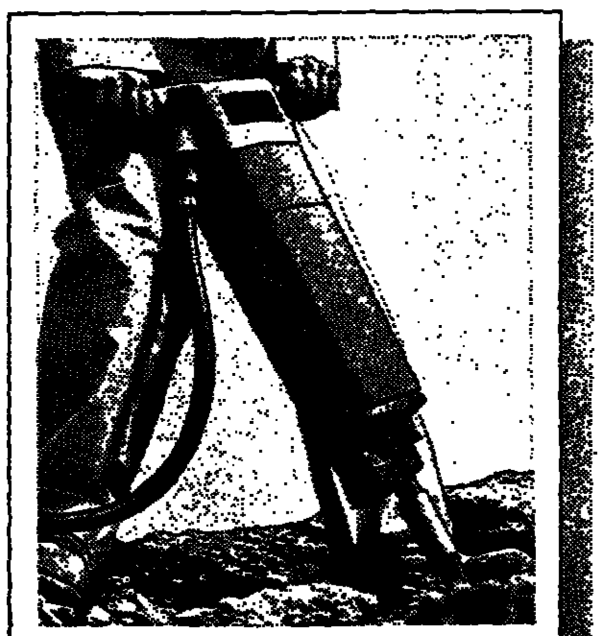
A BRITISH DESIGN. A BRITISH SUCCESS STORY.
The Sinclair ZX81 Computer.

A BRITISH DESIGN. A BRITISH SUCCESS STORY.
The Westland 30 Helicopter.

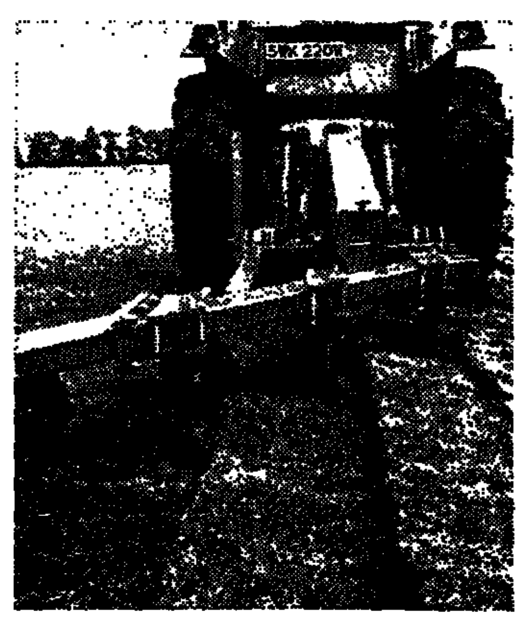


A BRITISH DESIGN. A BRITISH SUCCESS STORY.
The JCB 3CX Excavator Loader.

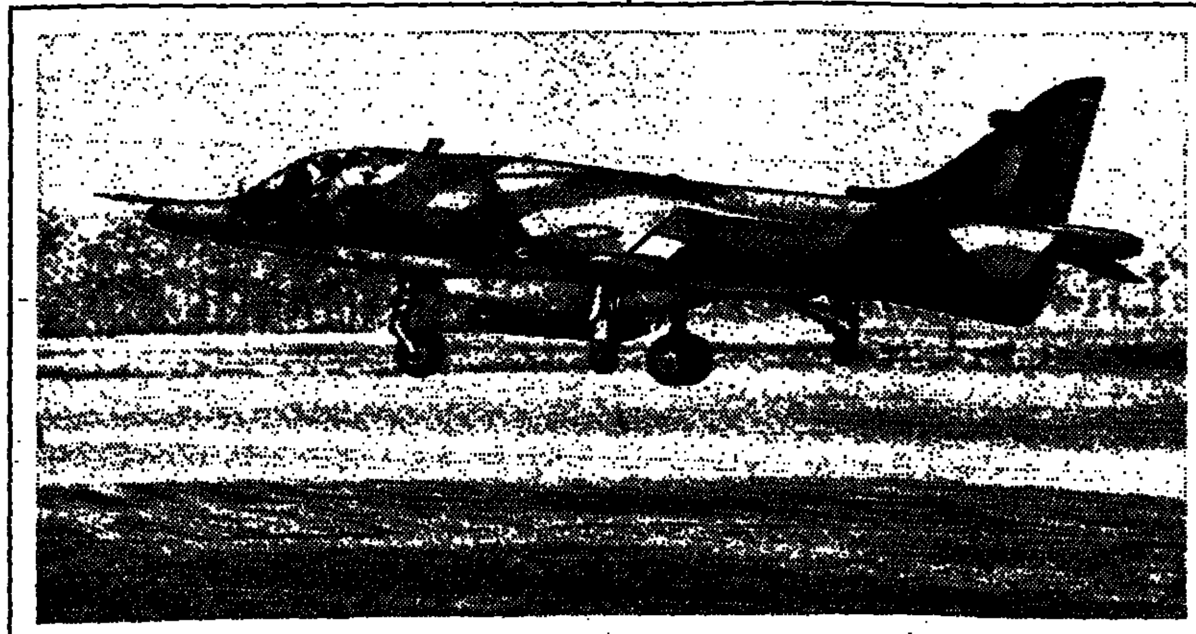
A BRITISH DESIGN. A BRITISH SUCCESS STORY.
Baird & Tatlock's Flatspin Magnetic Stirrer.



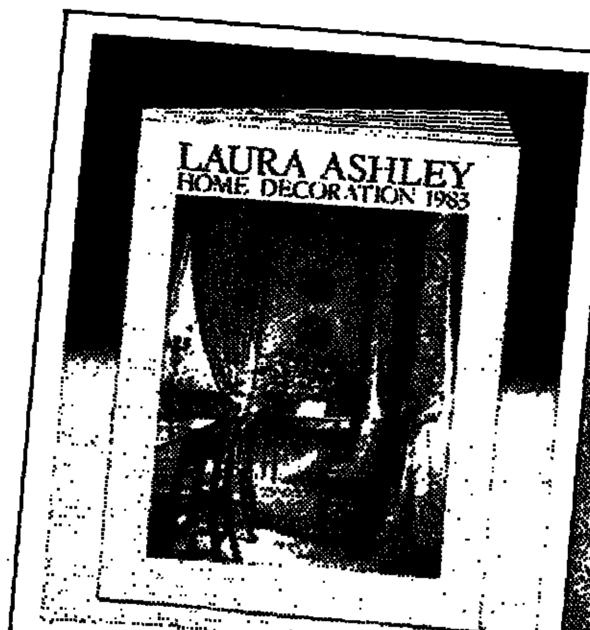
A BRITISH DESIGN. A BRITISH SUCCESS STORY.
CompAir's Zitec 20 Road Breaker.



A BRITISH DESIGN. A BRITISH SUCCESS STORY.
The Paraplow from the Howard Rotavator Company.



A BRITISH DESIGN. A BRITISH SUCCESS STORY.
The Rolls-Royce Pegasus Vectored Thrust Engine for the British Aerospace Harrier.



A BRITISH DESIGN. A BRITISH SUCCESS STORY.
Designs from Laura Ashley.

These companies aren't successful because they're lucky. They're successful because they make their own luck.

By using good design.

Yet too many British managements don't seem to appreciate this very basic fact: if you don't start with a good design you don't end up with a good product. And you don't make a profit.

It's a sad state of affairs that so many British companies can't stand up to foreign competition because they pay too little attention to design.

Yet in Britain we have some of the best in-house and consultant designers and engineers in the world. They're experts in every aspect of design and development. That means ease of manufacture and reliability, as well as appearance.

When times are tough, good design should be even more of a priority, because you have to be even more competitive.

And all too often the design budget is the first to go.

Yet those whose policy is to invest in good design are the ones who succeed, even in hard times.

You only have to look at these success stories.

Isn't it time you followed their example – especially when the Government is prepared to back you – not just with words but with practical and financial help.

FREE CONSULTANCY.

The Department of Industry is funding a new scheme for design consultancy through the Design Council.

One of the Council's design advisory officers and an independent senior industrialist will visit you. They will then find you a consultant with the right design experience.

If you employ between 60 and 1,000 people, you could have up to 15 days' free design consultancy and a further 15 days at half price. And there's a Technical Enquiry Service for smaller firms.

We'd like to tell you all about the schemes. Just telephone John Benson on 01-930 8655. Or send for our leaflet.

To: Department of Industry, P.O. Box 702, London SW20 8SZ.

To: Department of Industry, P.O. Box 702, London SW20 8SZ. FT3

Name______

Company______

Position______

DESIGN FOR PROFIT

Address______

Post Code______

DEPARTMENT OF INDUSTRY WITH THE DESIGN COUNCIL

Blood glucose monitor is aid for diabetics

HYPOGUARD, a small Suffolk company, has won a 1983 Design Council Award for its blood glucose monitor, but perhaps it could have been a candidate for the Queen's Award for Export Achievement—about 75 per cent of its output of units designed to help diabetics is exported.

In the UK, the slim, microprocessor controlled monitor, which diabetics can slip into a briefcase or handbag costs a mere £80. It is usually a little more overseas but is relatively cheap for diabetic sufferers who would like to be independent of constant hospital monitoring.

Stephen Cox, managing director of Hypoguard, Woodbridge, Suffolk, set up the company 11 years ago after buying a tiny company which, on and off, made syringes for diabetics with auto injection.

£150 turnover

"I think the company's turnover was about £150 a year," he said. Now, the 25 strong company with Mrs Vera Cox as company secretary, John Pratt as head of electronics design and Bernard Sams, an outside industrial design consultant, works without an overdraft. In fact, it has substantial cash in the bank, funds its own research and development and—proving that high-tech in Britain is not lost—will be paying its employees pretty hefty bonuses out of profits at the end of the present financial year.

Basically, Hypoguard has taken one medical area, specialised, got the electronics, particularly the chips, right, removed itself from what had previously been described as a "daunting black box" and provided diabetics with something which looks like nothing more than a rather large pocket calculator.

Non-diabetics believe that once the disease is diagnosed all that is required is a hypodermic and the daily dose on insulin but there is a great deal more to treatment than that. The diabetic needs a consistently accurate check on his or her blood glucose level. This can dictate food and drink intake.

Hypoguard claims that its monitor is as near foolproof as possible. The instrument automatically calibrates for ambient temperature and humidity and then automatically checks the condition of the reagent strip to be used in the test.

Machine signals

If all is in order the user then places the strip into the machine. After a further check the machine signals that blood from a finger prick should be applied to the strip and then counts down from 60 to 0 seconds on a digital readout.

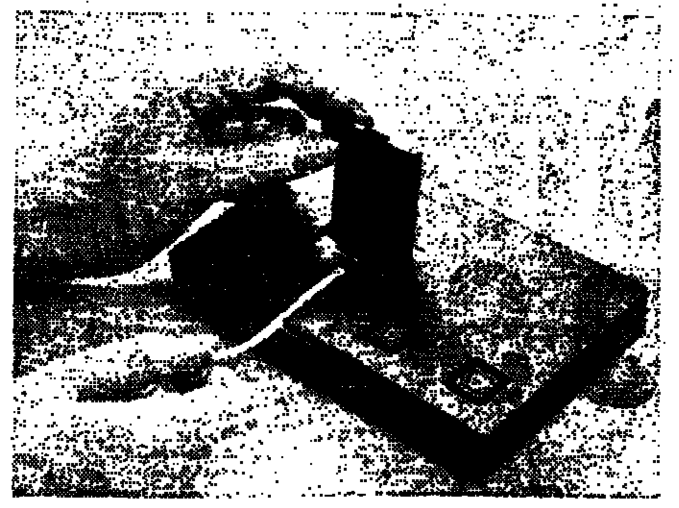
There are all sorts of fail safe conditions; if the user takes too long to press the "read" button the instrument will flash a reminder; if he makes a mistake the machine will show that he has made an error.

Two models are available powered by rechargeable batteries with an optional carrying case for reagent strips and finger pricker for blood sampling.

Perhaps one of its greatest advantages is in its use for pregnant diabetics where accurate control of the blood glucose level it vital in the pregnancy and delivery of a normal baby.

The instrument is already being used in hospitals to help staff obtain a quick and accurate result, and, more importantly, has removed the need for so many diabetic patients to spend the last 16 weeks of their pregnancy in hospital.

Although Hypoguard has competitors, Stephen Cox believes that Britain now leads the world in allowing diabetics to treat themselves at home and rely less and less on hospital monitoring.



The slim microprocessor controlled monitor which diabetics can slip into a brief case or handbag.

But how much of that is due to the good design of the instrument or the aggressive marketing of the product is debatable. Stephen Cox is not a young man but still plays competitive badminton. One suspects he can go for the kill on the court or in the marketplace.

The company is building an extension at the rear of the Woodbridge factory. Stephen Cox says: "This award has taken the pressure off; all the girls were busy deciding what colour the loo should be, now (he was taking 16 of the staff to the award ceremony in Cardiff yesterday) they are all too busy thinking about what colour dresses to buy."

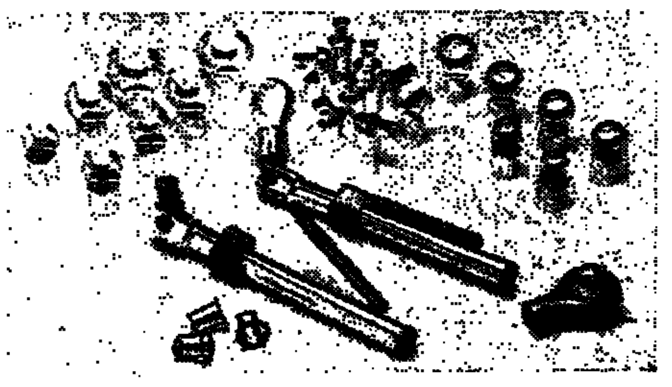
Max Commander

MEDICAL EQUIPMENT

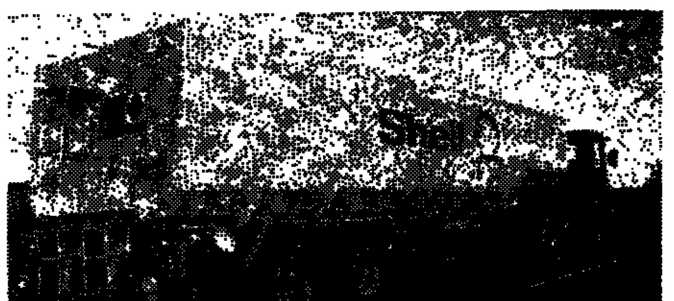
COMPANY	PRODUCT
Clement Clarke International	Friedman visual field analyser MK 2
Graseby Dynamics	Portable Syringe driver type MS16
Hypoguard	Hypo-Count II
Mecanaids	Mecabed

COMMENDATION FOR PROTOTYPE

COMPANY	PRODUCT
Bill Gernall	Flexiwrench
M&G Tankers	Road Tanker



Two prototypes: above, Flexiwrench multi-angled tool system for awkwardly placed nuts and bolts; below, FRP road tanker designed for safer carrying of hazardous materials.



RotaBolt relieves stress

TWO YEARS AGO Stan Ceney and John Hirst were developing their new business, and the remarkably innovative product on which it has been based, in the proverbial garage.

Now, two moves later, they are in spanking new premises in the heart of the West Midlands, with a tailor-made numerically-controlled production line. They have taken orders from the likes of Mobil, Shell and GKN. Their product has been patented in well over a dozen countries, and they have licensees in six of them (including the United States), with many others clamouring to follow suit.

By this time next year they expect sales to be running at an annual rate of over £1m. After that, the sky's the limit—well, almost.

From winning first prize in a "Get started in Staffordshire small firms competition," sponsored by GEC, their company has progressed into the list of 10 finalists for this year's "Prince of Wales Award for Innovation and Production," and now to a 1983 Design Council Award.

In the meantime, Ceney and Hirst have taken the astute step of selling their company to a much larger enterprise, James Walker of Woking. This netted them not only £100,000 plus a commission on future sales, but access to much-needed financial and marketing muscle.

Classic simplicity

The object of all this interest is a classically simple invention: the sort of thing that has always been needed, but that somehow no one thought of before (or that has never before been achieved). Called a RotaBolt (which is also the name of the company), it is a brilliant way of making sure that industrial bolts are properly fastened and bearing the correct load.

Among the company's lengthy list of actual or potential applications are power stations, transmission pylons, refineries, pipelines, pressure vessels, mining machinery, cranes, diesel engine connecting rods and main bearings, various military uses, and automotive cylinder heads. The potential market runs to hundreds of millions, at over £2 a time.

As John Hirst says, the existing methods of measuring bolt loadings (torque wrenches, deformable washers, and "pilgrim nuts" with strain gauges), are either inaccurate or expensive, and generally time-consuming and complex.

Clip-on cap

The RotaBolt works like this: the centre of a standard bolt is drilled and a gauge pin of the same type of material is inserted. The pin is set in place so that the rota load indicator on its end is a measured distance from the bolt head, but still free to rotate on the pin. The air-gap size is set in the factory according to the specified stress for each bolt. The whole assembly is protected from dirt and corrosion by a clip-on cap.

When the bolt reaches its preset tension, the gap between the head and the rota indicator closes and locks; once the indicator can no longer be turned by hand the tension for that bolt is correct to an accuracy of plus or minus 5 per cent.

If it becomes loose, it means that the bolt itself is loose—which Mr Ceney says is the major cause of stress failure.

ENGINEERING COMPONENTS

COMPANY	PRODUCT
Waterfield Engineering	Veevalv diaphragm valve
Expandite	Supercast waterstop range and jointing jigs
Greenpar Connecters	4mm silicone rubber test leads
APV Hall Products	Hallscrew compressor
RotaBolt	Rotabolt fastener

All that an operator needs to do is to carry out a rapid and easy inspection—a major step forward from the torque wrench checking procedure, which is much less accurate yet far more time-consuming.

So far, at least, RotaBolt has gone out of its way to avoid falling prey to the temptation which seduces so many small companies—of expanding too fast. The company's development has been controlled to a fault: no advertising whatever, other than the indirect effect of making the invention known through technical papers, and a refusal to contemplate taking orders of more than a few thousand pounds a month until production, finance and distribution were all properly established.

Christopher Lorenz

RotaBolt: an innovatory load-monitored fastener.

James Woudhuysen discusses an £80,000 DES report

British industry found wanting in attitude to designers

TOO FEW of Britain's industrial decisionmakers know all that they should about design—hence the Government's "Design for Profit" campaign. Fewer still know about design education. That is a pity, for the growing public debate about the subject should be of interest to every manager.

The debate proceeds from the undeniable fact that the design of many British products leaves a lot to be desired. From this premise the question follows: is Britain's system of design education, renowned as the largest in the world, providing companies with the kind of designers they need?

At first sight, what the critics have been saying—that it does not—seems to be confirmed by a two-year, £80,000 report which is about to be published by the Department of Education and Science.* But on closer inspection the report actually implies that industry is probably more to blame for Britain's poor design performance than education.

Dissatisfied

On the face of it, Britain could not be better supplied with design talent (see Byzantine structure) but the report found that most of the 78 UK manufacturers it surveyed were dissatisfied with the industrial designers they used. While the average manager rates both in-house and consultant industrial designers highly in terms of basic skills—arriving at a particular design solution, selecting the right materials for it and making sure that final detailing is correct—he feels that many lack a firm grounding in what conveniently be termed "controlled creativity."

According to industry, many British designers are ill-equipped to come up with alternative design solutions, new product concepts, and refinements. To put it another way, they are not educated enough in the art of grasping market opportunities in a creative manner. But industry also wants designers to keep their creativity tightly controlled: the Department of Education and Science report noted that many managers regard designers as unfamiliar with market realities, financial constraints, the business of making deadlines and the need to write and talk fluently.

Much of what all this implies for the teaching of industrial designers has in fact been rehearsed ever since 1977, when the Design Council published a report by a committee chaired by industrial designer David Carter. The Carter report argued that design courses should be geared more firmly to industrial practice and that full-time lecturers in particular should have direct and up-to-the-minute experience of manufacturing.

Today, many agree with its recommendations: ironically enough, industrial design students themselves often think their courses unimaginative, and —once they have received the rude awakening that comes with entering industry—plenty of newly-qualified professionals feel their training in skills outside the immediate area of design to have been too highly academic or too narrowly vocational (what they needed to learn, they say with regret, was less about art history, less about accountancy, and more about how to read the papers and use a phone).

Yet if the DES report suggests that Britain's design education system still needs a fair bit of tuning up, its implied indictment of the way British industry handles its designers is more serious—serious enough to have educational consequences in itself.

The report found that most of the 30 companies in France, Scandinavia, West Germany and Italy it surveyed were full of praise for the training received by the relatively large number of British designers they had on their books. If British design education has faults, it is still regarded as the best in the world.

More significant still was the kind of treatment Continental firms gave their designers. They valued the contribution made by design more highly, spent more money on design, and gave designers more authority than British firms. Indeed, the mark of many of the most successful Continental firms in the survey was that, far from seeing the designer as a technician, they recognised that he or she had to have "a sense of mission."

Findings like these cannot fail to have an impact on policy-makers working in education. If British managers are as congenitally insensitive to design and designers as they appear to be, then, many argue, action must be taken at two levels.

To achieve a really thoroughgoing change in the British population's consciousness of design, the subject should be made an indispensable feature of the secondary school curriculum; and to achieve some more immediate improvements in the situation, both prospective and practising businessmen should be provided with a grounding in "design management"—a phrase which is best taken to mean making design an integral part of company strategy.

In the secondary field the portents for design education are reasonably good. In 1980 the Keith-Lucas report (**) came out with a strong plea for under-16s to learn about design, and early last year Mrs Thatcher made public her interest in the subject by holding a seminar on it at Downing Street.

Since then leading engineering academics have come to overturn their previous opposition to A levels in design, so clearing the way for these to be accepted as entrance qualification by universities and polytechnics; and the Design Council's magazine for schoolchildren, *Designing*, has come within sight of commercial success.

As for developments in the business classroom, these are hopeful too: a whole bevy of specialists in design management is poised to begin lecturing in the discipline more widely than before, and the Council for National Academic Awards has appointed a research fellow to investigate how best to bring design into the management curricula.

There are, of course, major difficulties to be overcome, such as the size of the task of educating lay people of any age in design. At The Design Council, education officers John Weston and Ben Austen talk of the need to provide secondary school staff with good teaching materials on design, worry that schoolwork in the subject now known as CDT—Craft, Design and Technology—is still too dominated by C and T to the detriment of D, and show concern that the Manpower Services Commission's new consultative document on that important body's future contains no mention of design.

At the Royal College of Art, Bruce Archer, professor responsible for the RCA's Design Education Unit, highlights the continued absence of what he calls an overarching theory of design, one that would allow it to be held in the same respect as science. Lastly, there is a general feeling that the term design management at present does rather more to prompt confusing debates in the design profession than it does describe to existing corporate habits.

But if there is some anxiety over prospects for the secondary and business sectors, the atmosphere in degree and vocational education is almost approaching one of panic. While new Deparment of Industry money lies behind many of the above initiatives, Department of Education and Science cuts loom in front of scores of full-time design courses. Set up by Sir Keith Joseph, the then Education Secretary, the National Advisory Body for local authority higher education—aptly named NAB—has targeted art and design as one of the first areas to be subject to a stringent examination of what would happen if funds were reduced by 10 per cent. While it will only pass on findings to Sir Keith in September, it has been clever enough to draw many layers of the education system, from local authorities to colleges themselves, into its planning embrace.

Disappear

Despite alarm that some fine courses will disappear, there are many who feel that design education is ripe for an overhaul. The trick will be to ensure that those colleges which have established strong ties with industry—for instance, those which run Britain's 20 "sandwich" degree courses in false economy.

Much may depend on the success of "Young Blood," an unprecedented national exhibition of design students' work set to open in October at the Barbican Centre, and organised by Ken Baynes, who is head of the Design Educational Unit at the Royal College of Art. If industrialists attend and learn from it in the numbers Baynes hopes for, then design education may find it has allies with enough political and financial clout to help it realise its undoubted potential.

James Woudhuysen is principal lecturer, postgraduate studies at London's Central School of Art and Design. He is a former editor of "Design" magazine.

*F C Hayes, The industrial design requirements of industry, Department of Education and Science.

† Industrial design education in the UK. Available from The Design Council, 28 Haymarket, London SW1Y 4SU.

** Design education at secondary level. Available from The Design Council

Three main spheres in Byzantine structure

BRITISH DESIGN education has a structure which can only be described as Byzantine; but it is possible to distinguish three main spheres of activity. First, some 40 art schools, polytechnics and colleges of higher education—plus a sprinkling of universities—offer 200 degree courses in design to an annual total of about 4,000 students.

Most such students receive mandatory grants from their local educational authorities, train for three years, and wind up (usually around the age of 22) with a degree which has been "validated" by the Council for National Academic Awards. Degree courses give the student a specialism, whether it be in industrial design, graphics, textiles, fashion, jewellery or some other sub-discipline; but they are usually preceded by foundation courses, which provide a general background in design.

Secondly, art schools, polys and colleges of higher education offer several thousand students a total of 800 courses at certificate, diploma, foundation, higher certificate and higher diploma level. Here most grants are discretionary, courses run for one or two years, and, increasingly, validation is by the Business and Technician Education Council.

Thirdly, a small but important amount of postgraduate work in design is done. Here financial support for students takes the form of bursaries provided by the Department of Education and Science.

Broadly speaking, degree courses are meant to be "academic" in orientation, and non-degree courses "vocational." Recent trends are for two-year certificates and diplomas to be regarded as comparable to foundation years; for higher diplomas to be regarded as an alternative to degrees; and for part-time, evening class and "post-experience" education to increase.

BHS improves to near £49m

WITH AN increase in share of associates more than offsetting higher interest charges, British Home Stores maintained pre-tax profit growth throughout the year to April 2 1983 to finish £6.31m ahead at £48.87m. At midterm the improvement was one of £2.97m to £10.85m.

After increased tax of £21.71m against £15.77m, yearly earnings per 25p share advanced from 13p to 13.2p, and the net dividend total is lifted from 4.75p to 5.25p with a final payment of 3.5p.

Turnover excluding VAT expanded from £427.56m to £455.68m and trading protfis of £42.78m (£39.67m) were struck after depreciation of £12.11m (£10.78m), pension fund contributions of £4.59m (£3.91m) and employees share participation scheme of £925,000 (£810,000).

Interest absorbed £2.09m (£1.39m), while share of associates added £4m compared with £1.51m. On a CCA basis the pre-tax result is stated at £42.6m (£36.7m).

The directors explain that the big increase in the contribution from associated companies reflects the performance of Savacentre, the hypermarket chain which BHS runs with Sainsbury.

The absence of pre-opening expenses over the past year and an accounting switch that meant a 56-week period against 52 weeks last time helped boost the latest Savacentre figures.

Splitting down the interim and final results for the group as a whole shows a strong advance on merchandising sales during the second half of the year, but a setback on food.

Up 4.4 per cent at the interim stage, merchandise sales improved 9.8 per cent in the second half to give a full year's advance of 7.7 per cent. Food showed a 3.8 per cent first half improvement and a decrease of 1.3 per cent in the second half, giving a full year increase of 1 per cent. Restaurant sales advanced by 8.1 per cent in the first half, 8.3 per cent in the second and 8.2 per cent over the year.

Figures for trading so far this year missed the Easter bank holiday weekend, the directors report. However, allowing for that, the group's sales trend to date is "quite satisfactory and up to the level achieved in the second half of the year under review.

	1982-83 £000	1981-82 £000
Sales (including VAT)	502,729	471,640
Merchandise	394,301	366,198
Food	78,884	78,134
Restaurant	29,544	27,308
Sales (excluding VAT)	455,684	427,563
Trading profit	42,783	39,669
Interest	2,090	1,387
Share of assoc.	4,001	1,506
Profit before tax	48,874	42,562
Tax	21,711	15,765
Profit after tax	27,163	26,797
Extraordinary credit	nil	311
Available	27,163	27,108
Dividends	10,838	9,786
Retained	16,325	17,322

See Lex

Reduced profits by Fortnum & Mason

Reduced pre-tax profits of £189,000 compared with £269,000 have been shown by Fortnum & Mason for the year to January 29 1983. Sales of this department store, which carries on business in Piccadilly, W1, improved from £8.59m to £9.54m.

The net dividend of this close company has been held at 23.22p with a same-again final of 19.72p.

At the halfway stage pre-tax losses rose sharply from £123,000 to £264,000. The directors said then that the second half had always generated the major proportion of sales and profits, and added that there was some evidence of an improvement in customer volume and sales performance.

The directors say that there was an increase of £135,000 in trading profits in the second half, which they point out was 60 per cent higher than in the comparable period.

The rise in trading profits was a welcome sign, say the directors, that concerted management efforts and major financial investment to improve store decor, product range and display had met with general customer approval.

Pre-tax profits included lower interest receivable of £254,000 against £350,000. There was a tax credit this time of £8,000 compared with £179,000.

George Western Holdings holds 88 per cent of ordinary shares.

Akroyd & Smithers down £1.19m after six months

FOR THE 27 weeks ended April 8 1983 stockjobber Akroyd & Smithers returned profits of £9.43m at the pre-tax level, a decline of £1.19m on last year's corresponding half which covered a 26-week period.

However, since the end of the half year the level of profitability has been "satisfactory" and the directors are holding the net interim dividend at 4p per 25p share.

A final of 11p was paid for 1981-82 together with a special payment of 2.5p due to the high level of profits earned in the year—pre-tax figures reached £24.96m.

Early last month the group received the interest on the money previously owed to it by the liquidator of Hedderwick Stirling, Grumbar and Co. The directors say this was in full and final settlement of all the group's claims and that the matter will, therefore, not have to go to trial.

Net profits for the half year emerged at £4.66m, compared with a previous £5.55m, after taking account of a £329,000 lower tax charge of £4.71m and minorities of £47,000 (£21,000).

Retained profits came through £889,000 down at £4.02m and stated earnings per share at 29.1p, against 34.7p.

As already known the group has acquired the outstanding minority interests in its New York subsidiary, Cohn, Delaire & Kaufman, which is now known at Akroyd & Smithers Incorporated, for a cash consideration of approximately $2.5m.

HIGHLIGHTS

On the day that Mrs Thatcher announced the date of the next General Election Lex looks at whether there are any sensible guidelines for investment over the campaign period from past experience. The column goes on to consider the full year results from London & Liverpool Trust which disappointed the market by reducing profit by £2.9m, to reflect normal lease accounting methods, though the reported pre-tax profit jumped from £1.1m to £7.2m and the underlying business shows strong growth. Also examined is British Home Stores which lifted profits by 14.8 per cent to £48.9m last year helped by SavaCentre supermarkets.

● comment

Akroyd and Smithers' profits are almost as volatile as the stocks in which it deals, and as difficult to predict. It turned in a bumper profit in 1982 gaining from the booming gilt edged market. In 1983 equities have taken over the running and the FT Industrial Ordinary Index has shot through first the 600 level and then the 700 mark. It was not enough to match last year's £10.6m half year pre-tax profit, but was still a satisfactory £9.4m. Akroyds has added another £4m to reserves bringing them to £42m, out of which $2.5m cash has gone to acquire the outstanding minority interest in its U.S. subsidiary Cohn Delaire and Kaufman. It has put Hedderwick firmly behind it with the final settlement of its claims but still has some uncertainties waiting ahead, including the General Election and its effect on the market. Then, in October, talks begin concerning the future of jobbers and the single commission system. The Merchant Navy Officers Pension Fund has not taken the opportunity to build up its stake above 10 per cent following a change in the rules which allows it a stake of up to 29.9 per cent which smaller shareholders might heed. The share price has come back from a 1983 high of 383p to close yesterday down 14p at 337p on a maintained interim dividend.

London and Liverpool Trust over £7m and further rise seen

ON SALES of £41.62m, compared with £12.26m, taxable profits of London and Liverpool Trust emerged at £7.2m for the year to end-March 1983, an increase of £6.11m over the previous year's restated figures.

A final dividend of 4p (1.7p) raises the net total by 124 per cent from 2.45p to 5.5p per 10p share. A scrip issue on a one-for-one basis is also proposed.

While development costs will be increased in the coming months the directors say signs are that the group will have another successful year.

First half profits for 1982-83 rose to £2.51m (£502,000) and the interim report revealed that the period had seen progressive development of the group as a major supplier of business equipment. It had also extended its range of products to include projection TV and video equipment.

Pre-tax profits for the year were after deducting £2.86m which has been carried forward as deferred profit. Tax took £1.95m (£189,000) and extraordinary debits £382,000 (£165,000) to leave available profits at £4.86m, against £738,000 previously.

Earnings per share came through at 22.5p (6p), an increase of 275 per cent.

The business equipment division achieved considerable growth during the year. New products will be introduced in the coming year.

The directors say tele-jector has been established as an important medium in entertainment and advertising and they consider there is substantial growth potential which can be developed from the present base.

Engineering and motor exhaust companies made good profits and these will continue to develop.

Bank overdrafts have been cleared and the group had a bank surplus of £1m at year end. All medium term loans totalling £3m are more than covered by rentals due from lessees, the directors state.

Development costs amounting to £2.25m, were written off during the year.

A percentage analysis of pre-tax profit by activity shows: business equipment 50 (78), video 45 (nil), exhaust manufacture and engineering 5 (19) and other nil (3).

Pre-tax profits for the year exclude pre-acquisition profits and comparative figures have been adjusted to reflect this change in accounting policy.

See Lex

McCarthy & Stone ahead

For the six months ended February 28 1983 pre-tax profits of McCarthy & Stone, designer and constructor of sheltered accommodation, expanded from £1.04m to £1.26m, an increase of 21.24 per cent. Record figures are expected for the full year.

An interim dividend of 2p net per 20p share is being paid and a scrip issue on a one-for-one basis is proposed — the new shares will not rank for the interim payout. For 1981-82 the group, whose shares are traded on the USM and which has close status, paid a single dividend of 4p from taxable profits of £2.16m.

It is expanding from its traditional southern base and intends to open a number of regional offices this year to promote expansion throughout England. It has concluded an agreement with John G McGregor (Holdings) to construct sheltered units in Scotland.

Turnover for the first six months totalled £4.82m (£2.6m) —sales of sheltered units amounted to 189 (94).

Tax took £383,000 (£415,000) leaving net figures of £873,000, against £621,000. Interim dividends absorb £27,000—waivers on 7,008,305 shares amount to £140,166.

CCL surprise payout

In 1982 CCL Group, which was formed on March 1 of that year to acquire CCL Systems and certain other interests from the Foseco Minsep Group, made taxable profits of £790,000. Of these £755,000 related to CCL Group and the remaining £35,000 to Foseco Minsep.

Turnover came to £9.39m, of which £7.9m was attributable to CCL Group.

A nominal first and final dividend is declared for the period of 3.5p per £1 share. The directors say this payment is justified by the results, notwithstanding that it was not envisaged at the time the shares—which are traded on the over-the-counter market made by Granville and Company—were placed.

Mr Ivan Worthington, chairman of this group which specialises in systems for stressing concrete, joining reinforcing bars and mechanically splicing wire ropes and in products for the electricity distribution industry, says that despite continuing uncertainties he is cautiously optimistic about future prospects for the group.

Tax for the 12 months took £282,000 including £247,000 for the 10 months from March 1.

TI forecasts upturn

PROFITS of TI Group, the international engineering concern, are expected to match last year's £0.4m in the first half of the current year and to show considerable progress in the second six months. For the whole of last year a pre-tax figure of £4.7m was recorded.

At the company's annual meeting, Sir Brian Kellett, chairman, told shareholders there were general indications that economic recovery was under way, although this had not yet been reflected in demand for steel tube and machine tools.

Prospects in North America were now more favourable but, against this, the weakening in the sterling exchange rate since last November, so helpful to the company's international competitiveness, had recently been significantly reversed, he added.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Akroyd & Smithers int.	4	July 1	4	—	17.5§
Bishopsgate Tst.	2.3	—	2.3	3.5	3.5
Brit. Home Stores	3.5	July 4	3	5.25	4.75
Brit. Inv. Tst.	5.8	—	5	10.6	9.2
Cramphorn int.	5‡	—	5	—	20
Davenports int.	3.4	—	1.21	—	4.66
Fortnum & Mason	19.72	—	23.22	19.72	23.22
Grosvenor Group int.	2†	July 4	2¶	—	5¶
KCA Drilling	1.88	July 29	1.88	3.75	1.88
London & L'pool Trust	4	July 1	1.7	5.5	2.45
McCarthy & Stone int.	2‡	July 22	—	—	4
Outwich Inv.	1.65	—	1.53	2.4	2.25
S & P Linked 2nd int.	7.49	June 1	7.27	16.27	15.16
Thames Inv.	Nil‡	—	1.68	—	5.18
Tysons	2.33	July 2	2.12	2.33	2.12
VW	0.66††	June 17	2	2.5	2
Young Cos. Inv.	4.5	—	4.2	6.7	6.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Including special 2.5p. ¶ Adjusted for consolidation of 5p shares into 25p shares.

UK COMPANY NEWS

Profit and dividend rise at KCA Drilling

A rise in pre-tax profits left drilling contractor KCA Drilling ahead at £7.01m for 1982, compared with £5.93m. Turnover for the 12 months advanced from £26.95m to £39.11m.

The year's dividend of this subsidiary of KCA International is being raised from 1.875p to 3.75p net with a final of 1.875p (same). Earnings per 25p share are given as 4.449p (7.774p calculated on a weighted average basis, which because of capital *restructuring during the year,* is not comparable).

The directors say the pattern of growth reported in the first six months was maintained throughout the year with operating profits improving by 25 per cent to £9.5m (7.62m). This reflects a full year's contribution from the drillship Polly Bristol compared with only approximately three months in 1981.

Taxable profits were struck after interest of £2.49m (£1.68m). Tax took £3.46m (£2.36m) and there were extra-*ordinary debits of* £504,000 (nil) leaving attributable profits of £3.06m (£3.58m).

J. O. Walker in the black

Following its turnround from a £165,000 loss to a profit of £73,000 at midway, timber importer J. O. Walker & Co. has finished 1982 with a taxable surplus of £298,363, compared with £115,825 losses previously.

The dividend is boosted *from* 1p to 3.5p net per 25p share with a final payment of 2.5p. Earnings are shown as 37.1p (4p) per share after the 12 months' tax charge of £1,383 (£147,640 credit).

Ahead from £3.63m to £4.02m at halftime, turnover totalled £8.33m (£7.49m) at the year end.

Anglo Nordic

Confidence in a continuing improvement in pre-tax profits at Anglo Nordic Holdings was expressed by Mr Brian Wolfson, chairman, at the annual meeting.

He stated that since the present board's appointment in 1982 three main objectives had been achieved. The initial profit forecast had been exceeded, the acquisition of Braby Leslie had been successfully completed and a full Stock Exchange listing had been obtained.

REED INTERNATIONAL LIMITED

(1) DFLS 100,000,000 11¼% BONDS 1974 DUE 1980/1989
(2) DFLS 35,786,000 11¼% BONDS 1976 DUE 1980/1989

The drawings for the fourth redemptions in the above-mentioned Bond loans have taken place on April 26, 1983.

Number 5 has been drawn in respect of the loan shown under (1) above so that all bonds of which the number of the redemption group is 5, will be redeemable on June 15th, 1983.

Number 15 has been drawn in respect of the loan shown under (2) above so that all bonds of which the number of the redemption group is 15, will be redeemable on June 15th, 1983.

The bonds so drawn will be payable at the office of the paying agents mentioned hereafter: Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V. and Banque de Paris et des Pays Bas N.V. at Amsterdam, Rotterdam, The Hague and Maastricht in so far as they are established there. As far as K-certificates are concerned, these must be presented with all unmatured coupons.

The outstanding amounts of the loans after the above-mentioned redemptions are respectively ± DFls 60,000,000 and ± DFls 21,471,600.

In 1980 the number 3 in respect of the loan under (1) above and the number 13 in respect of the loan under (2) were drawn for redemption on June 15th, 1980.

In 1981 the number 2 in respect of the loan under (1) above and the number 12 in respect of the loan under (2) were drawn for redemption on June 15th, 1981.

In 1982 the number 4 in respect of the loan under (1) above and the number 14 in respect of the loan under (2) were drawn for redemption on June 15th, 1982.

NEDERLANDSCHE TRUST-MAATSCHAPPIJ BV

Amsterdam.
April 26th, 1983.

Davenports sharply ahead at £1.12m and pays more

A SHARP uplift in *interim* pre-tax *profits has* been produced by Davenports Brewery (Holdings), which is the subject of a bid from Wolverhampton & Dudley Breweries. The pre-tax surplus for the 26 weeks to April 2 1983 has increased from £624,000 to £1.12m and the interim dividend *has been raised* from 1.21p to 3.4p net.

Shareholders who accept the offer by Wolverhampton & Dudley Breweries for the ordinary shares will not, the directors say, be entitled to keep the interim if the offer becomes unconditional. In the last full year a total of 4.66p was paid.

In a defence circular early last month relating to the bid the directors advised shareholders to reject the offer and forecast trading profits for the year to October 1 1983 of about £2.1m, to which would be added surplus on property *sales of* more than £600,000. Earnings per share were expected to be 21.6p with dividends totalling 8.4p for the year.

Turnover for the period under review moved ahead from £13.07m to £16.68m. Beer *production and sales* were substantially increased during this period, say the directors, in contrast to the decrease in beer sales nationally.

Each of the company's trading divisions contributed to the results, with increased profits compared with the same period last year.

At the operating level profits increased from £563,000 to £946,000. Pre-tax profits were struck after interest costs were reduced by £22,000 to £115,000 and property disposals moved ahead by £93,000 to £269,000.

Tax took £280,000 compared with an adjusted figure last time of £180,000. Earnings per 25p share were shown as improving from 3.88p to 7.85p excluding the property surplus, and from 5.43p *to 10.34*p including the same.

Penetration into the national take-home market continued to grow substantially, say the directors, both in sales of own products, Jager Lager and Chequer Bitter, and in respect of a new *two-litre* re-*sealable* pet beer container, in which the company packages other brewers' beer as well as its own and which has made further inroads into the party can sector of the market.

Results achieved over the first half of the financial year support the forecast for the year ending to October 1 made with the recommendation to reject the takeover bid.

Following a meeting of the trustees of Baron Davenports Charity Trust with their advisers, *the trustees resolved*, in respect of the trust's holding of 2.428m ordinary (29.9 per cent) in Davenports, not to accept the final offer by Wolverhampton and Dudley Breweries.

In a document issued at the weekend Mr E. J. Thompson, chairman of Wolverhampton and Dudley, accused Davenports chairman of "clutching at straws" to keep the company independent.

Mr Thompson points out that with the final share and cash *offer currently worth 330p* a share Davenports is capitalised at £26.8m — £7m above year end net tangible assets.

Though Davenports' defence document gives an unquantified profits forecast Mr Thompson notes that even a 29 per cent *improvement would put* the offer on an exit p/e ratio of more than 30 and challenges Davenport's board to suggest that on investment grounds their company's shares would command anything like the imputed rating.

W and D is offering four new shares and £4.75 cash, *or £15.75 in cash,* for every five Davenports shares. Yesterday W and D shares were 294p and Davenports 270p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based *mainly on last year's timetable.*

TODAY

Interims: Arenson, Associated Paper Industries, Ibstock Brick, Frederick Cooper, Crystalate, Ellis and Goldstein, Fulcrum Investment Trust, J. Hopworth, United Wire.

Finals: Barr and Wallace Arnold Trust, Belgrave (Blackheath), Costain, Dualvest, Edith, First Castle Elec-*tronics, Headlam Sims and Coggins,* Maurice James, Miles 33, More O'Ferrall, Prince of Wales Hotels, Rotaflex, Seers, Shires Investment.

FUTURE DATES

Interims:

AE	June 2
Dobson Park Industries	June 3
Elson and Robbins	June 10
Irish Distillers	May 18
Richards	May 26

Finals:

Allied-Lyons	June 1
Bestwood	May 12
Butterfield-Harvey	June 14
Dencora	May 11
Fine Art Developments	May 26
Francis Parker	May 12
Hargreaves	June 23
Hinton (Amos)	May 17
Monks Investment Trust	May 19
Parkland Textile	May 24
Portsmouth and Sunderland Newspapers	May 26
Scottish Heritable Trust	May 13
Selincourt	May 19
TR Property Investment Trust	May 24
TR Technology Investment Tst.	May 12
Warrington (Thomas)	May 16
Wettern Brothers	May 25

RESULTS AND ACCOUNTS IN BRIEF

SAVE AND PROSPER LINKED INVESTMENT TRUST—For year to September 30 1983: second interim dividend 7.49p (7.27p), making 16.27p (15.16p); revenue surplus available for dividends for 1983 Scotyields £475,287 (£463,405) and investment trust units £83,469 (£77,752): interest received £4,190 (£5,765): pre-tax *revenue £582,946* (£546,922); tax £169,806 (£165,345). Holders of income shares entitled on a winding up to 100p per income share plus some equal to the income profits otherwise available for dividend. Holders of capital shares entitled to all surplus assets. On this basis the value of assets attributed to capital shares on April 30 1983 £3.00 per share (£1.97 *per share on April 30 1983*).

YOUNG COMPANIES INVESTMENT TRUST—Final 4.5p, making total 6.7p (6.4p) dividend for year to March 31 1983. Pre-tax revenue £700,788 (£602,404). Tax £223,140 (£182,630). Earnings per £1 share 6.7p (6.44p). Net asset value per share at market value 2.28p (1.74p).

EMPIRE STORES (BRADFORD) (mail order)—*Results for year ended January* 29 1983 reported April 14. Group fixed assets £6.1m (£5.82m). Net current assets £32.39m (£33.73m). Shareholders' funds £34.79m (£34.3m). Meeting, Bradford, June 7, noon.

FEB INTERNATIONAL (chemicals, building materials)—Results for 1982 reported April 19. Shareholders' funds £3.37m (£3.01m). Group fixed assets £3.22m (£2.96m). Net current *assets* £2.03m (£1.05m). Net liquid funds increased by £346,000 (£191,000 decrease). Meeting, Swinton, Manchester, May 26 at 11.30 am.

RELYON GROUP (mattress and divan maker)—Results for 1982 already reported. Group fixed assets £2.91m (£2.79m), net current assets £3.63m (£3.25m). Shareholders funds £5.18m (£4.78m). Chairman says improved demand experienced in latter part of 1982 has continued into current year. With a good three months already accounted for he is confident that interim figures will be well ahead of last year. Meeting, Wellington, Somerset, May 27 at noon.

RMC GROUP (materials for construction industry)—Results for 1982 reported April 21, with comments on prospects. Group fixed assets £270.2m (£231.29m), current assets £280.1m (£302.76m) and liabilities £228.85m (£180.07m). Shareholders funds £178.89m (£158.66m). Meeting, Carlton Tower Hotel, SW, May 27 at 11.30 am.

FREEMANS (LONDON SW9)—Results for year ended January 29 1983 *reported March 29. Shareholders' funds* £75.62m (£73.46m). Net current assets £57.46m (£59.79m). Fixed assets £22.35m (£21.05m). Decrease in net liquid funds £7.1m (£5.34m). Meeting, 4 Dowgate Hill, EC, May 26 noon.

RUGBY PORTLAND CEMENT (cement, steel frabrication, hotel ownership)—Results for 1982 and prospects reported April 12. Shareholders' funds £103.2m (£93.49m); fixed assets £119.88m (£119.63m): net current assets £37.27m (£28.92m); increase in net current assets £8.97m (£6.1m) including increase in bank balances £3.38m (£4.75m). Meeting: Rugby, June 3, noon.

HANGER INVESTMENTS (car dealer)—Results for 1982 reported April 5. Shareholders' funds £8.18m (£9.01m): fixed assets £8.02m (£9.43m); current assets £12.19m (£13.86m); current liabilities £9.22m (£356,000): Increase in working capital £490,000 (£2.45m). Meeting: Birmingham, June 6, 2.30 pm.

COLE GROUP (plastics, electronics)—Results for 1982 reported April 30. Group fixed assets £3.62m (£3.98m). Net current assets £2.53m (£1.82m). Shareholders' funds £4.98m (£4.75m). Increase in net liquid funds £1.49m (£260,000). Meeting: Purley, Surrey, June 6, noon.

PHOTAX (LONDON) (photographic equipment maker)—Results for 1982 reported April 23 with prospects. Group fixed assets £316,652 (£389,245). Shareholders' funds £2.16m (£2.35m). Net current assets £1.88m (£2.19m). Decrease in working capital £469,973 (£333,673 increase). Meeting: Eastbourne, May 27, noon.

FJC LILLEY (engineer and building contractor)—Results for year ended January 31 1983 reported April 22 with prospects. Group fixed assets £37.2m (£23.29m). Shareholders' funds £50.87m (£34.45m). Net current assets £20.98m (£16.32m). Net liquid funds increased by £14.75m (£2.47m decrease). Meeting, Glasgow, June 2, noon.

HENRY BOOT & SONS (construction, plant hire, property)—Results for 1982 reported April 30. Group fixed assets and investments £21.69m (£11.45m), reflecting additions at cost and revaluation. Net current assets £4.07m (£5.42m). Shareholders funds £26.45m (£17.47m). Auditors refer to a pro-*vision against a contingent liability* arising out of a building contract. They state: "As matter is being referred to arbitration, it is not currently possible to determine with reasonable certainty the extent of any liability and therefore we are unable to express an opinion upon the adequacy of the provision made." Meeting, Sheffield, May 27 at noon.

S. JEROME & SONS (HOLDINGS) (textile manufacturer and electronic communications)—Results for 1982 reported April 18 with directors' observations. Group fixed assets £2.12m (£2.18m) and net current assets £1.88m (£1.92m). Shareholders funds £3.67m (£3.66m). On prospects chairman says encouraging orders have been received by weaving division at home and overseas; other *textile sectors are busy* and should continue to trade profitably this year. Electronic divisions made substantial contribution to profits last year and should *perform* well in current year. Meeting, Bramhope, May 25 at 12.30 pm.

London listing for Don Bros, Buist

Don Brothers, Buist, an industrial textile manufacturer based in Forfar, Scotland, came to the London stock market yesterday by way of an introduction, arranged by Robert Fleming & Co. The shares opened at 65p and closed at 72p after touching 80p.

The company, whose origins go back to 1794, is engaged primarily in the extrusion of polypropylene tape and the weaving of the tape into industrial fabrics. *Since 1978-79 its* pre-tax profits have fallen from a peak £4.4m to £188,000 in 1980-81 before recovering to £1.4m in the year to May 1982. For the first half of the current year profits were £397,000 on sales of £12.6m.

The group forecasts profits of not less than £1.1m for the full year to end May and expects to pay a net final dividend of 2.25p, making an effective total of 3.5p.

Net debt at the end of 1981-82 was down from £3.1m to £2.5m on shareholders' funds of £13m (£13.2m).

The directors and their families have a 13.6 per cent interest in the ordinary capital. The trustees of the Archibald Don Bequest Fund have the largest stake at 29.3 per cent.

Weatheroak

Receivers have been appointed at Weatheroak (Holdings) and Weatheroak Press a printing group with turnover of more than £4m. The two companies have traded in Birmingham for 30 years and *employ 100 staff.*

The appointment was made by debenture holders at the request of the directors. Trade is continuing in the short term with a view to a sale of the business as a going concern. The receivers are Mr D. Corney and Mr I. Bond of Deloitte Haskins & Sells.

Aran Energy

Proposals concerning revised share options for the chief executive of Aran Energy will be *amended so that the number of* options held by him will remain unchanged at 3,000,725. However, the exercise price in respect of 657,350 of these options will be adjusted from 50p to 25p.

LILLEY GROUP

RECORD TURNOVER AND PROFIT

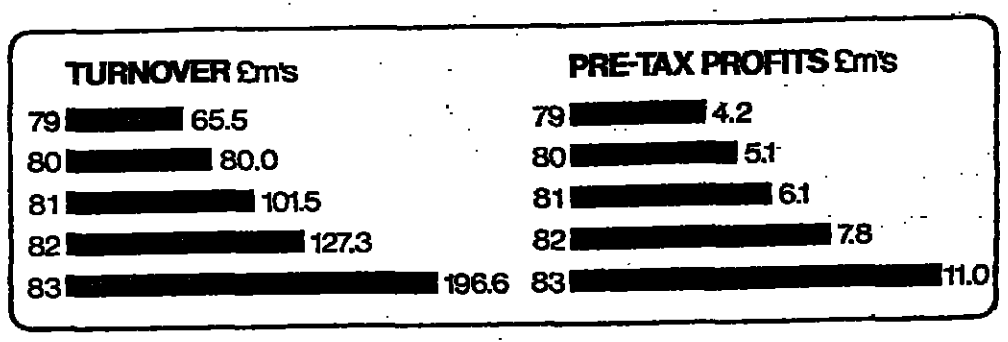
Extracts from the accounts and statement by the Chairman, Mr. J. Aitken

* The Group has continued to make progress. Turnover increased by 54.4 per cent and pre-tax profit, at £11 million, by 41.2 per cent, results achieved in the adverse market conditions which still persisted in various parts of the world.

* The final dividend proposed of 3.872p gives a total for the year of 6.05p (an increase of 10 per cent) and is covered 2.65 times.

* Proposed increase in authorised share capital and scrip issue of one-for-one.

"The continuing uncertainty with regard to the economy, and also government policies as they affect the industry, again renders imprudent the making of firm predictions. The Group does, however, benefit from a not inconsiderable spread of its activities, both in kind and geographically, and the reassurance previously afforded by that circumstance encourages the directors to believe that the year ahead will not see a reversal in the Group's fortunes."



LILLEY GROUP

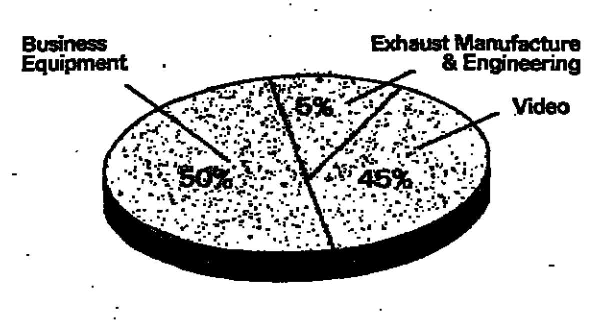
Group activities are principally building and civil engineering construction, property development, and the provision of goods and services for the construction industry.

For a copy of the Annual Report please contact the Secretary, F J C Lilley plc, 331 Charles Street, Glasgow G21 2QX.

London and Liverpool Trust PLC

- Profits for the group were £10.057m compared with £1.090m for the previous year.
- £2.861m has been carried forward as deferred profit.
- £2.25m of development costs were written off during the year.
- Earnings per share have increased from 6p to 22.5p, an increase of 275%.
- Dividends of 5.50p represent an increase of 124%.
- Bank overdrafts have been cleared and the group had bank surpluses of £1m at the year-end. All Medium term loans totalling £3m are more than covered by rentals due from lessees.
- The Business equipment division achieved considerable growth during the year. Future policy will be to reinforce our success as distributors of copying equipment, micro-computers, cash registers and telecommunication equipment. New products will be introduced in the coming year.
- Telejector has been established as an important medium in entertainment and advertising. We consider that there is *substantial growth* potential which can be developed from the present base.
- Engineering and motor exhaust companies made good profits for the year and these will continue to develop.
- While development costs will be increased in the coming months, the signs are that we will have another successful year.

Analysis of Profit Before Taxation by Activity 1983



PRELIMINARY RESULTS FOR THE YEAR TO 31st MARCH, 1983

The directors announce that the consolidated results, subject to audit, for the year ended 31st March, 1983 are as follow

	1983 £'000's	1982 £'000's
Sales	41,617	12,264
Profit of the group	10,057	1,090
Deduct: profit deferral	2,861	—
Profit before taxation	7,196	1,090
Taxation	1,951	189
Profit after taxation	5,245	901
Extraordinary items	382	165
Group profit distributable to shareholders	4,863	736
Dividends	1,253	400
Retained profit	3,610	336
Earnings per share, fully diluted, calculated on 23,303,411 ordinary shares	22.5p	6.0p
Dividend per share	5.50p	2.45p

SUMMARY OF ACCOUNTING POLICIES

The profit of the group comprises the results of London and Liverpool Trust PLC and its subsidiaries. It excludes pre-acquisition profits and comparative figures for 1982 have been adjusted to reflect this change in accounting policy.

Deferred profits are profits which have arisen from recourse sales and in-house leasing but are being amortized over the period of the leases.

The directors recommend a final dividend of 4.0p per share making a total for the year of 5.5p (1982-2.45p) which, if approved, will be paid on 1st July, 1983 to shareholders on the register at the close of business on 3rd June, 1983.

The directors also propose a scrip issue of shares on a one for one basis to shareholders on the register at close of business on 3rd June, 1983 and full details of this proposal will be sent to shareholders along with the Annual Report and Accounts.

The Annual General Meeting will be held on 30th June, 1983.

London and Liverpool Trust PLC
Scottish Provident House, 1 & 2 Waterloo Street, Birmingham B2 5PQ.

BIDS AND DEALS

Throgmorton closes in on Pentland

Throgmorton Trust has come within 1 per cent of gaining majority control of the Edinburgh-based Pentland Investment Trust, it was announced yesterday, following the expiry of the second acceptance period.

The offer has now been extended for a further eight days until May 17. After this date, Pentland shareholders who have already accepted the Throgmorton offer will be able to revoke the offer if it is not declared unconditional.

Since Throgmorton published its offer document on April 5, it has received acceptances from the holders of 4.3m shares, which accounts for 24.65 per cent of Pentland's issued share capital. When added to the shares already held by Throgmorton before it launched its take-over bid, this amounts to 49.06 per cent of Pentland's shares. The bid, which has aroused Scottish national sentiment, has been contested by Pentland's managers and various Edinburgh financial institutions.

At the end of the original acceptance period on April 26, Throgmorton had gained control of 45.75 per cent. The 10-day extension has brought in acceptances from the holders of another 3.3 per cent of Pentland shares.

Today Pentland is due to hold an extraordinary meeting to approve a capital reconstruction which would allow shareholders to accept Throgmorton's offer, a 50-50 mixture of shares and debentures, without incurring liability to stamp duty.

TRUMANNS/AUSTIN

Documents in respect of the revised offer of 92p cash per existing James Austin Steel ordinary by Trumanns Steel Group will be posted shortly, as announced on April 26.

The first closing date of the origial offer by Trumanns was 3.30 pm on May 3, and accordingly, Trumanns announce that acceptances have been received for 32,997 existing ordinary (0.7 per cent) and that Trumanns held, before the offer period, 1.16m ordinary (25.77 per cent). Trumanns has also received irrevocable undertakings to accept the offer (as revised) in respect of 1.89m ordinary (42 per cent).

As previously known, Trumanns, is, therefore, in a position to increase its holding to 3.05m ordinary (67.77 per cent).

The offer period is extended to June 1.

C. H. BEAZER

In respect of C. H. Beazer's offer for Second City Properties, acceptances have been received from holders of 18.78m shares (79.75 per cent).

Beazer is, through a subsidiary, beneficially interested in 3.53m Second City shares (14.99 per cent).

Its interest, including acceptances, amounts to 94.74 per cent.

The offer, which has been declared unconditional in all respects, will remain open until further notice.

TRUST SECURITIES/ PERCY BILTON

In connection with the offer by Trust Securities Holdings to acquire all the issued capital of Percy Bilton, acceptances at May 4 1983 have been received in respect of 5,026 ordinary shares (0.01 per cent). No acceptances in respect of accumulation shares have been received.

Trust Securities has consequently decided to let the offers lapse.

SHARPS PIXLEY

Sharps, Pixley (Hong Kong) is to acquire the 49 per cent shareholding in Sharps Pixley Wardley currently owned by the Hongkong & Shanghai Banking Corporation, Hang Seng Bank and Wardley. The name of Sharps Pixley Wardley will be changed to Sharps Pixley Pacific. Sharps Pixley Wardley was incorporated in March 1976 as a joint venture between the Kleinwort Benson Group and the Hong Kong Bank Group.

L AND G/VICTORY

Legal and General has acquired 15 per cent of Victory from Cologne Re. The purchase price of £2.7m was satisfied by the issue of 705,883 fully paid new 25p shares in L and G.

BTR TILLING

BTR has announced that, at the extraordinary meeting held yesterday, the resolution to approve the acquisition of Thomas Tilling was passed, with 98 per cent of the votes cast in favour.

PETER BROTHERHOOD

Acceptances of the offers by a subsidiary of Thermo Electronic for Peter Brotherhood have been received from the holders of 3.41m ordinary shares (75.56 per cent) and 156,641 preference (94.93 per cent).

Thermo held 6.99 per cent of the ordinary prior to the offers. These shares will be tendered for the cash offer.

Including these shares the acceptances to date are 82.55 per cent for the ordinary and 94.93 per cent for the preference.

REGA METAL

Rega Metal Products, maker of equipment and components for heating and ventilation, has bought Cheshunt Metal Finisher, which makes precision rolled products for more than £1.5m.

Mr Michael Osborn, managing director of Rega Metal Products, stated that the move represented a step his company's planned expansion in the domestic environmental improvement market.

EDNBURGH INV./ SCOTTISH UTD.

The offer by the Edinburgh Investment Trust for all the issued preference capital of Scottish United Investors has been increased to £1 per share. Acceptances have so far been received in respect of 1.28m shares (66.75 per cent) and the offer is extended to May 23.

In respect of the EIT offer for SUI ordinary shares, acceptances have been received for 135.11m shares (90.27 per cent of the shares under offer). The offer has been declared unconditional and will remain open until further notice.

CHARTHIRE £1M PURCHASE

Charthire Services, a commercial vehicle contract hire, rental and contract distribution company, has agreed to purchase Cooper London for £1m.

This will be satisfied by the issue of new ordinary shares together with a deferred cash payment of £100,000.

Cooper's main activities, commercial vehicle contract hire and contract distribution, are similar to those of Charthire with a very important part of its business being the provision of vehicles on contract to the newspaper industry.

BPB PIPELINE DEAL

BPB Industries has acquired Metrotect from the Glossop Group. Metrotect manufactures a range of products for the pipeline protection industry.

STAR COMPUTER

Star Computer Group has acquired Computer Accessories and Peripherals, a Reading-based computer product distribution company.

ISS (HOLDINGS)

With effect from May 4 1983 the business of Insurance Systems and Services has been acquired by ISS (Holdings) as part of a group reconstruction. ISS (Holdings) is owned by the former partners and staff of Insurance Systems and Services.

AE PROPOSAL

AE states that under the restructuring of its 64 per cent owned South African subsidiary, Associated Engineering (SA), it would divest itself of its interest in the AE motor spares division and simultaneously buy out the existing minority shareholders interests in the remainder of the business at 225 cents a share. If the scheme is blocked the directors of the SA company have prepared certain contingency plans which will be implemented.

DANAE INV.

Mr D. G. Johnson, Mr C. M. Halsey and Mr G. W. R. Hull, as trustees of Leinster Private Hire Company pension scheme, have increased their holding of the capital shares of Danae Investment Trust.

They have declared an interest in 1m capital shares (14.28 per cent) and 7.14 per cent of the total voting rights.

L. RYAN HOLDINGS

The acquisition by L. Ryan Holdings of the 50 per cent interest in Ryan Europe it did not already own has been completed.

ROWNTREE

Consent has been given by the Canadian Foreign Investment Review Agency for the proposed acquisition by Rowntree Mackintosh of Laura Secord. Completion of the transaction is expected to take place shortly

Grosvenor Group static first half

For the six months to December 31, 1982, Grosvenor Group, the electronic engineering, electrical and industrial concern, has maintained its pre-tax profits and is effectively holding its interim dividend.

First half sales totalled £3.83m against £5.52m last time, which included a £3.85m contribution from Wellco Electrical, since sold.

Trading profits fell from £327,000 (including Wellco) to £225,000 but, after a reduction in interest from £113,000 to £8,000, the taxable result showed little change at £217,000 against £214,000.

After lower tax of £41,000 (£49,000), net attributable profits improved by 11.4 per cent to £176,000 and earnings per 25p share are shown to have risen from 6.65 to 7p. On these the net interim dividend is 2p, effectively unchanged following adjustment for the consolidation of shares from 5p to 25p. Last year's total payment was equivalent to 5p on profits of £332,000.

As regards the second half, Mr Chamberlayne-Macdonald, chairman, points out that this will include contributions from Floform, acquired from GKN in January, and the recently purchased Rubber and Plastics Industries.

He notes that plans for developing the group, following the restructuring announced in April, continue on course.

Dowty buys U.S. maker of coal machinery

Dowty Group has acquired Owens Manufacturing of Virginia, U.S. for $2.52m (£1.6m) cash.

Owens manufactures feeders, feeder brakers and belt conveyors used in underground handling of coal in room and pillar extraction.

Although affected by the recession in the U.S. coal industry, in the last year to September 30 1982, Owens sales and profits after tax amounted to $7.77m and $201,000 respectively.

S. PEARSON

Acceptances of the offers by S. Pearson for Pearson Longman preference shares have been received as follows: 147,433 5¼ per cent (85.9 per cent), S. Pearson held 86,515 prior to the offer; 146,826 7 per cent (84.8 per cent), 85,866 held prior to the offer.

S. Pearson has decided to increase the consideration payable under the offers to 65.5p cash for each 5¼ per cent preference and 87.5p cash for each 7 per cent preference.

The increased offers will remain open until May 23 1983.

DUNLOP AUTO.

Dunlop Automotive Engineering division has sold its Maxaret Commercial vehicle business to Anti Skid Controls, a subsidiary of PCB Controls, which already has close association with the electronic anti skid control market.

The total value of the assets being transferred is £218,675.

The agreement includes the right to use the Dunlop trade mark Maxaret in relation to Anti Skid systems for road vehicles but specifically excludes aircraft and motorcycles.

SECURITY PACIFIC

Security Pacific Holdings has purchased West Yorkshire Finance (Brighouse) from Rydale Finance who will continue to act for the company in a management capacity.

Famous Names sees 40% lift in net profits

Confectioner Famous Names is set to show a 40 per cent increase in net profits to £1.5m on a turnover of £23m according to the latest management accounts.

The directors attribute the increase to a competitive attitude to sales plus an increase of more than 20 per cent in productivity.

FNL employs 800 people at its Bristol and Southport factories making a variety of confectionery lines from children's candies to luxury items such as liqueur chocolates.

Liqueur chocolate sales during September to December last year increased by 10 per cent to £8.8m they say, while the Elizabeth Shaw brand gained 37 per cent more of its market to sell £3.7m in the same period.

The directors say that £650,000 was spent on TV advertising with more planned for this year and a five-year £7m capital investment programme has begun.

The company was formed in July 1981 following an £8m management buyout. Audited accounts will be completed end-June.

Church & Co. optimism

Mr Ian Church, chairman of shoe manufacturer and retailer Church and Co, told the annual meeting that he was "cautiously optimistic" about the current year.

He pointed out that factory order position was very satisfactory and that both Church (Footwear) and Cheaney Companies should have another good year. Although the Jones Group was showing a distinct improvement on last year, particularly in men's business, Mr Church commented that it could do with better sales.

Murray Clydesdale

Revenue before tax at Murray Clydesdale Investment Trust increased from £1.24m to £1.38m for the six months to the end of March 1983.

Tax for the period took £549,927 (£465,941) which left attributable profits up from £779,000 to £831,484. Adjusted earnings share is given as increasing from 1.39p to 1.4p.

Net asset value per ordinary and B ordinary 25p shares is given as 138.2p (100.9p at the end of September 1982).

An interim dividend of 0.6p net and a one-for-two scrip issue have already been announced.

LADBROKE INDEX
690-695 (−3)
based on FT Index
Tel. 01-493 5261

Gold brightens outlook at Rio Tinto Zimbabwe

BY KENNETH MARSTON, MINING EDITOR

THE Rio Tinto-Zinc group's 58.4 per cent-owned Rio Tinto Zimbabwe ("RioZim") has moved out of loss in the first quarter of this year, earning Z$1.12m (£739,500). This compares with a loss of Z$1.04m in the first quarter of last year and a total loss for 1982 of Z$6.56m.

At the annual meeting in Harare Mr Douglas Sagonda, the chairman, pointed out that the improvement stemmed from increased gold production and higher bullion prices received by the Renco mine on which RioZim is now largely dependent following last year's closure of the Empress nickel mine.

He said that the group had now started to reduce the heavy borrowings which were needed for survival last year and he hoped that a further substantial debt repayment would be possible this year. Much depends on the gold price, however, especially now that Renco cannot be expected to achieve a further big increase in output this year.

Mr Sagonda thought that the gold price would rise after mid-year to between US$450 and $500 per ounce. He said that every $25 variation in the price results in an annual cash increase or decrease of Z$1.35m in group earnings and cash flow. A 10 per cent variation in the relationship between the Zimbabwe and U.S. dollars results in a variation of Z$2.4m.

The 69 per cent-owned Tinto Industries has run into a worse than expected loss of Z$189,000 for the first quarter of this year—against record profits of Z$184,000 a year ago—in line with the downturn in the Zimbabwe economy. Mr Sagonda said it would be rash to forecast any profit for Tinto Industries in 1983.

For RioZim as a whole, however, he thought that if the budgeted price for gold is met and if current production levels can be maintained the group should continue to make profits for the rest of the year.

"The future now looks brighter," said Mr Sagonda, but he made it clear that any consideration of a dividend would depend on "significant" improvements in the gold price.

TCL lifts half-year earnings

HIGHER first-half earnings are reported by Transvaal Consolidated Land and Exploration (TCL), the South African mining and investment house in the Barlow Rand group. Net profits for the six months to March 31 come *out* at R37.5m (£21.9m) compared with R26.5m *in the same period of* 1982 *and* R54.3m for the full year to September 30.

A major factor in the good half-year results has been the increase in gold prices. This is reflected in a rise in dividend income to R11.8m from R7.1m a year ago and in sharedealing profits of R2.8m which go against a loss of R93,000 last time.

The latest results also include R5.1m for the three months to March 31 from the mining interests recently acquired from Rand Mines. This stemmed from a group reorganisation whereby all of the Barlow Rand group's mining interests have been put under the control of TCL.

These assets acquired from Rand Mines included holdings of Harmony, Blyvoor and Durban Deep, thus increasing TCL's already sizeable gold interests. The consideration paid to Rand Mines was an issue of 2.58m shares in TCL, raising the latter's issued capital to 11.2m shares.

TCL now declares an unchanged interim of 75 cents on the enlarged capital; the previous year's final was 185 cents. Although the company is living with less favourable export markets for its coal as well as difficult trading conditions for base metals, it still expects that total earnings per share for the current year will be above those of 1981-82.

Whether this will leave scope for a modest increase in the final dividend remains to be seen. On a maintained payment the shares at £32 yield just under 5 per cent, a modest return which suggests that the market is looking for better things in 1983-84.

Declining tin production

OUTPUT of tin concentrates by the Malaysian companies under the management of Malaysian Mining Corporation and its controlling body Pernas Charter Management fell to 1,049 tonnes during April.

This compares with the 1,110 tonnes of tin concentrates produced in March and the 1,126 tonnes produced in February.

The declining production reflects the continuing effects of tin export controls introduced last summer by the International Tin Agreement.

The 14 dredges shut-down during March under the export controls and remained closed during April. In addition production from the Ackam Thai 2 and 3 dredges was restricted during the month while the Timah Dermawan dredge was shut down for 12 days.

A reduction in output by Berjuntai, the second largest tin producer in the group, followed major repairs to the company's No. 7 dredge.

Berjuntai's tin concentrate production for the 12 months to end-April amounted to 2,397 tonnes compared with 3,513 tonnes in the previous year.

	April tonnes	March tonnes	Feb tonnes
Aokam	51	65	114
Ayer Hitam	105	78	94
Berjuntai	159	187	173
MMC	482	493	454
Sungei Besi	55	47	44
Tongkah Hart	—	47	44
Tronoh	33	30	36

Newcastle Gateshead Water £5m placing

Seymour, Pierce and Co has completed the placing of £5m Newcastle and Gateshead Water Company 11½ per cent redeemable debenture stock, 2004 at £100 per cent.

Comparative Government stocks are yielding about 10½ per cent to redemption; this differential is similar to that which operated at the time of the Bristol Waterworks debenture placing in January.

Dealings will begin at 2 pm May 11.

● comment

When the Newcastle and Gateshead stock was placed at the end of last week the market feeling was that it was tightly priced. Since gilts have weakened slightly since then, it now seems most unlikely that the stock will open at a premium. However the 1 per cent gap over the gilts, though closer than would be the case with a local authority offering, is pretty much the norm with waterworks debentures.

Titaghur drops £5m in the red

For the year ended June 30 1982 Titaghur Jute Factory suffered taxable losses of £5.09m, despite a £16,070 profit from the UK operations. This is compared with overall profits of £574,175 last time.

Turnover in India amounted to £30.43m, against £29.47m and the tax charge was £3,460 (£3,658), after which loss per share is given as 356.78p (37.97p earnings).

There was an extraordinary credit for the period of £86,005 (nil).

No dividends have been paid on the ordinary shares since 1972.

Hawker (Canada)

Hawker Siddeley Canada Inc was affected by poor economic conditions which continued to influence the market for capital equipment during the first quarter.

The increase in housing starts and improved demand for timber products was not reflected in the sawmill and forest machinery equipment industry, other than in replacement parts.

First-quarter income declined from $3m (£1.55m) to $2.46m (£1.28m) last year. Revenues fell from $124.6m to $94.4m.

Hawker Siddeley Group holds 59 per cent of ordinary shares and 42 per cent of the preferred.

Poor demand for railway freight cars led to a temporary halt in manufacturing in the Trenton works division. Shipments of bi-level commuter cars for the government of Ontario transit authority were proceeding on schedule.

Demand for equipment for the mining industry continued to improve despite the decline in world coal and mineral extraction.

First ever deficit incurred by V.W.

LONDON-BASED sheet metal fabricator, precision engineer and toolmaker, V.W., which went public via the USM in October 1981, has experienced "the most difficult year the board has ever known" and for 1982 reported the first loss in its 64-year history.

At the trading level, profits were well down from £619,279 to £53,005 and, with tax taking *£108,868 (£10,271 credit)* and extraordinary debits of £104,116, the attributable deficit amounted to £159,779 compared with a £629,560 surplus last time.

Turnover declined from £4.27m to £3.26m and results reflect a poor second half, for at mid-term a pre-tax profits of £219,000 was achieved.

The yearly loss per share amounted to 1.01p (12.58p earnings) and the directors consider that the 12 months outcome does not justify a dividend payment. However, in view of their continued confidence in the company's ability to implement its recovery programme, they are recommending a final payment of 0.664p which, with the interim of 1.836p, lifts the year's distribution from 2p to 2.5p.

In order to avoid increasing borrowings, Mr Roy Stephens, chairman, and his family trust have waived their entitlement to £23,218 of the proposed distribution.

Mr Stephens reports that the company's performance in the first quarter of the current year was better than anticipated, providing signs that 1983 should show a significant improvement over the 12 months.

He explains that, to remain competitive, several contract prices had to be reduced, and stocks and work-in-progress written down by some £350,000.

The usual annual price increases to most of the company's *major customers* had to be waived and Mr Stephens estimates that this reduced 1982 profits by about £225,000. However, the long-term order position is good, he states.

Mr Stephens said later yesterday V.W. was hoping to break into other industries. "We want to move from the engineering side to electrical."

He would be looking at various possibilities of injecting new ideas into the business. This had been the purpose of coming to an arrangement with two private companies who had taken out options to purchase up to a total of 25.3 per cent of the company at 53p a share. The nine month option was taken out on April 6.

He said he hoped to announce a major order worth £800,000 in the first year within the next few days to boost the total order book to £4.25m.

V.W.'s customers had agreed to a 4 per cent price increase *this year following the standstill* last year.

APPOINTMENTS

Managing director for Dowty mining

Following the appointment on June 1 of Mr Dennis Morgan as chief executive of DOWTY GROUP, Mr Adrian Buckmaster will become managing director of the mining division and be appointed to the group board. He is managing director of Dowty Mining Equipment, a position which he will continue to hold for the time being.

★

UNIVERSAL GRINDING WHEEL has appointed Mr John Ekels as managing director. He has taken over from Mr Gareth Jones who has been appointed director of business development of the parent company, Unicorn Industries, a sector of Foseco Minsep.

The EUROPEAN CONFERFERENCE OF ASSOCIATIONS OF POWER CABLE INDUSTRIES has elected Mr D. H. Booth, chairman of BICC Cables, as its president. Mr E. G. Wilhelm, Geschäftsführer of Kabel und Lackdrahtfabricken, was elected vice-president.

★

BALFOURS has appointed Mr John O'Neill as consultant following his retirement from Yorkshire Water Authority.

★

Mr David Landel has been elected chairman of TIMBER GROWERS SCOTLAND. He succeeds Mr John Brewis who remains on the national board as deputy chairman.

★

Mr Kenneth Gorf has been appointed director of finance and administration by AMDAHL (UK).

★

Mr George Magan has joined the board of WIGHT COLLINS RUTHERFORD SCOTT. He is a director of Morgan Grenfell & Co., Asprey & Co., Allianz Holdings and other companies.

★

Mr Ajit Kerkar, president and managing director of The Indian Hotels, and Mr S. K. Kandhari, chairman of Cox & Kings (India) have been appointed to the boards of COX & KINGS and its wholly-owned subsidiary Cox & Kings Travel.

★

Mr George Wood has been appointed to the board of HARRIS GRAPHICS. He retains his Harris Corp. position as vice president business development—Europe, and continues as vice chairman and managing director of its UK subsidiary, Harris Systems. Harris Graphics is a newly-formed subsidiary of Harris Corp.

★

Fiat Auto (UK) finance post

Mr Pier Giorgio Rossi has been appointed financial director of FIAT AUTO (UK). He succeeds Mr Douglas Mansion. Mr Rossi was financial director of Fiat in Belgium.

★

HENRY WIGFALL has appointed Mr David Annat as marketing director. He was previously marketing manager. Mr Thomas Cole, previously marketing director, becomes commercial director. He has also been appointed a director of Wigfall Finance Co.

★

SWISS BANK CORPORATION INTERNATIONAL has appointed Mr John L. Sangster advisory director from May 10. He retired recently from the Bank of England where he was assistant director in charge of the foreign exchange division.

★

Mr Keith Hughesdon has relinquished full-time duties as an executive director and joint deputy chairman of MERCANTILE HOUSE HOLDINGS to devote more time to his other interests. He will continue as a non-executive director of Mercantile House, as chairman of Saturn Leasing and as a director of Spedley Holdings and Gulf Financial Services International.

★

LEWIS & PEAT (RUBBER) has appointed Mr D. Belmore as a director. Mr L. C. Picking, a director, has taken early retirement.

★

Mr David Gwyther has been appointed marketing director of SHOWERINGS with effect from May 9. Showerings is a member company of Showerings, Vine Products & Whiteways, the wines, spirits and soft drinks division of Allied-Lyons. Mr Gwyther will be responsible for marketing and sales in the UK and international business development. He was formerly with Cadbury Schweppes.

★

WOOD CONSTRUCTION GROUP has appointed Mr Peter Hammond to head its housing development division, F. E. Wood Bros. of Derby. The company plans to extend its interests in land acquisition.

★

Mr Richard Severn, assistant general manager of THE MANUFACTURERS LIFE INSURANCE COMPANY'S UK division has been appointed regional sales director. This new position includes responsibility for the Oxford and Reading branches. Mr Severn joined ManuLife in 1974 as a management trainee.

★

Mr Godfrey Jillings has been appointed senior manager, head of industrial section, corporate financial services for NATIONAL WESTMINSTER BANK's international banking division. He succeeds Mr F. Leeson who becomes senior advances manager in the division. Mr Jillings was a senior accounts executive in the UK region of international banking division.

★

Mr Eric Sutherland, vice-chairman of Olympic Holidays, has been elected president of the Association of British Travel Agents (ABTA). Mr Colin Trigger, managing director of Scantours, has been elected chairman of the Tour Operators' Council. Mr Gerry Fernback, managing director and chairman of Embassy Travel, has been elected for a third year as chairman of the Retail Agents Council. He has also recently been appointed vice-president of the Universal Federation of Travel Agents' Associations.

★

KCA INTERNATIONAL has appointed Mr R. A. D. Broadhead to the board with effect from May 6.

★

Mr W. C. McCord, Dr S. R. Singer and Mr J. A. Scarola have joined the board of HUMPHREYS & GLASGOW following completion of the acquisition of Humphreys & Glasgow by Enserch Corp.

★

Mr Robin Beechey, chief executive of East Sussex County Council, has been elected to the council of the INSTITUTE OF MANPOWER STUDIES. This is the first time that local government will be directly represented on the council.

★

Mr David Woodward, a director of FINE FARE and formerly co-ordinating director of the supermarket division has been appointed co-ordinating director (company planning) with responsibility for preparing the group's long-term plans. Mr Stuart Soloway, who joined Fine Fare from International Stores last October, now heads the supermarket division as operations director.

★

Mr Bryant Marriott, at present head of BBC recording services, radio, becomes controller, Radio 2, from a date to be announced. He will succeed Mr David Hatch, who was recently appointed controller, Radio 4. Mr Marriott joined the BBC in 1961. He has been head of recording services radio for four years.

★

BUTLER SERVICE GROUP INC., Montvale, New Jersey, has opened its UK and European head office at Thornton Heath, and appointed as managing director—Europe operations Mr R. Anthony Docherty.

★

Mr C. J. M. Hardie, chairman of the National Provident Institution, has been appointed a member of the London local board of the BANK OF SCOTLAND. He is also deputy chairman of Alexanders Discount and was, until recently, deputy chairman of the Monopolies and Mergers Commission.

★

Mr Douglas Claisse has been appointed assistant general manager (sales and marketing) of the CLERICAL MEDICAL & GENERAL LIFE ASSURANCE SOCIETY. He succeeds Mr Douglas Moat who is retiring. Mr Brian Gooden succeeds Mr Claisse as joint agency manager (southern region).

★

ROCKWOOL has appointed Mr Kevin Cloran as finance manager and company secretary. He has been seconded from British Petroleum which has a 50 per cent shareholding in the company.

★

Mr Chris Winn has been appointed managing director of ACT (INTERNATIONAL). Also elected to the main board is Mr Chris Buckham, marketing director.

★

Mr John Monks, managing director of Causton Cartons, and Mr Bob Forrester, managing director of Headway Publications, have been appointed to the main board of SIR JOSEPH CAUSTON & SONS.

★

At TIPHOOK CONTAINER LEASING CO. Mr Eric Goodwin has been appointed managing director of the holding company and becomes deputy chairman of the subsidiaries.

★

Following creation of a management services division by the BANK OF SCOTLAND, incorporating the computer services division and management services and automation planning departments, Mr J. R. Browning, assistant general manager, has been appointed divisional general manager. Mr M. N. McTaggart, assistant general manager, computer services, and Mr B. F. Yeaman, assistant general manager, management services, become assistant general managers in the new division and will be responsible for the operational and implementation functions respectively.

★

Mr T. K. Crombie has been appointed an investment manager with SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY, heading the equity investment team. He has been an assistant investment manager with Standard Life.

★

Mr Clifford Tippett has been appointed chairman of the VALUERS AUCTIONEERS & ESTATE AGENTS GROUP INSURANCE SERVICES.

★

BRITISH SUGAR has appointed as marketing director Mr Peter Gibbs, currently marketing and sales director of Norsk Hydro Fertilisers. He takes up his new post in July.

★

Mr M. Cowen and Mr J. V. M. Gordon Clark have joined the board of MATTHEW CLARK & SONS (HOLDINGS). Mr B. N. A. Hardman has become a non-executive director. He is a managing director of Morgan Grenfell. Mr J. M. G. Cox and Mr C. M. McKenzie have been appointed to the board of Matthew Clark & Sons.

Chairman for Ransomes Sims & Jefferies

Mr Harry H. Astley Whittall, deputy chairman of RANSOMES SIMS & JEFFERIES, is to succeed Mr Geoffrey Bone the retiring chairman of the Ipswich grass and farm machinery manufacturers. A chartered engineer Mr Whittall, who joined the Ransomes board in 1979, is chairman of BSG International and on the boards of APV Holdings and LRC International.

★

Mr John H. R. Leopold has been appointed treasurer of NATIONAL WESTMINSTER BANK'S domestic banking division. Previously deputy treasurer he succeeds Mr Alan Day who retires on May 31.

★

Mr Peter Young has joined the board of BIRMID QUALCAST FOUNDRIES as marketing and sales director. He was perviously the sales, marketing and commercial director of Garringtons, part of GKN.

★

Mr A. W. King has been appointed to the board of J. M. JONES & SONS (HOLDINGS). He was director of surveying for the JMJ Construction Group. Mr King has also joined the board of J. M. Jones Homes as has Mr G. Roberts.

BASE LENDING RATES

A.B.N. Bank	10 %	Grindlays Bank	‡10 %
Al Baraka International	10 %	■ Hambros Bank	10 %
Allied Irish Bank	10 %	Heritable & Gen. Trust	10 %
Amro Bank	10 %	■ Hill Samuel	§10 %
Henry Ansbacher	10 %	C. Hoare & Co.	†10 %
Arbuthnot Latham	10 %	Hongkong & Shanghai	10 %
Armco Trust Ltd.	10 %	Kingsnorth Trust Ltd.	11 %
Associates Cap. Corp.	10 %	Knowsley & Co. Ltd.	10½%
Banco de Bilbao	10 %	Lloyds Bank	10 %
Bank Hapoalim BM	10 %	Mallinhall Limited	10 %
BCCI	10 %	Edward Manson & Co.	11 %
Bank of Ireland	10 %	Midland Bank	10 %
Bank Leumi (UK) plc	10 %	■ Morgan Grenfell	10 %
Bank of Cyprus	10 %	National Westminster	10 %
Bank of Scotland	10 %	Norwich Gen. Tst.	10 %
Banque Belge Ltd.	10 %	P. S. Refson & Co.	10 %
Banque du Rhone	11 %	Roxburghe Guarantee	10½%
Barclays Bank	10 %	Royal Trust Co. Canada	10 %
Beneficial Trust Ltd.	11 %	Slavenburg's Bank	10 %
Bremar Holdings Ltd.	11 %	Standard Chartered	‖10 %
Brit. Bank of Mid. East	10 %	Trade Dev. Bank	10 %
■ Brown Shipley	10 %	Trustee Savings Bank	10 %
Canada Perm't Trust	11 %	TCB	10 %
Castle Court Trust Ltd.	10½%	United Bank of Kuwait	10 %
Cayzer Ltd.	10 %	Volkskas Intl. Ltd.	10 %
Cedar Holdings	10 %	Westpac Banking Corp.	10 %
■ Charterhouse Japhet	10 %	Whiteaway Laidlaw	10½%
Choulartons	11 %	Williams & Glyn's	10 %
Citibank Savings	¶10 %	Wintrust Secs. Ltd.	10 %
Clydesdale Bank	10 %	Yorkshire Bank	10 %
C. E. Coates	10½%		
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk.	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10½%		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
Robert Fraser	10½%		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%. 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £7,000 7¼%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

COMPANY NOTICES

THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

Consolidated 4% (formerly 3½%) Debenture Stock

A PETITION has been presented to the Lords of Council and Session by the above named Company, having its Registered Office at 45 Charlotte Square, Edinburgh, for sanction of a Scheme of Arrangement between the Company and the holders of its Consolidated 4% (formerly 3½%) Debenture Stock. In the said Petition an Interlocutor has been pronounced as follows:—

"Edinburgh, 6th May 1983. The Lords appoint the dependence of the Petition to be advertised once in the Edinburgh Gazette and once in each of the Scotsman and Financial Times newspapers and appoint all parties claiming an interest to lodge Answers thereto, if so advised, within 14 days after such advertisement."

"Wheatley I.P.D."

Of all of which intimation is hereby given.

Dundas & Wilson, C.S.,
25 Charlotte Square,
Edinburgh EH2 4EZ
Solicitors for Petitioners

NOTICE TO HOLDERS OF ORIENT LEASING CO., LTD.

BEARER SECURITIES

Copies of the Annual Report of Orient Leasing Co., Ltd. can be obtained on request from:
Kinai Shimamoto
Managing Director
Orient Leasing Co. Ltd
4-1, Hamamatsu-Cho 2-Chome,
Minato-Ku, Tokyo 105, Japan.
May 10 1983

PUBLIC NOTICES

CITY OF EDINBURGH D.C.

£2m bills issued 6th May due 5th August, 1983, at 9¹¹⁄₃₂%. Applications totalled £16m. £7m bills outstanding.

THE COMMERCIAL BANK OF THE NEAR EAST PLC

NOTICE IS HEREBY GIVEN that the Sixty-first Annual General Meeting of this Company will be held at its Registered Offices, 107-112, Leadenhall Street, London, EC3A 4AE, on Thursday, 2nd June, 1983 at 11 a.m. for the following purposes:
1. To receive and adopt the Directors' Report and Accounts for the year ended 31st December, 1982.
2. To declare a dividend.
3. To re-elect the retiring Directors.
4. To re-appoint the retiring Auditors [illegible]
5. To transact the business of an Ordinary General Meeting.
6. [illegible]

By Order of the Board
N. M. PEGGIE, Secretary
107-112, Leadenhall Street,
London EC3A 4AE.
5th May, 1983.

Notes. [illegible]

THE COMMERCIAL BANK OF THE NEAR EAST PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING [illegible]

By Order of the Board,
N. M. PEGGIE, Secretary
Dated 5th May, 1983.
Registered Office:
107-112 Leadenhall Street,
London EC3A 4AE.

Notes: [illegible]

PAN-HOLDING
SOCIETE ANONYME
Registered Office: Luxembourg

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Pan-Holding SA will be held at its registered office at 10 Boulevard Roosevelt, Luxembourg, at 3 pm, on May 30th, 1983 for the purpose of considering and voting upon following matters:
1. Acceptance of the directors' and commissaire's reports and approval of the financial statements for the year ended December 31, 1982.
2. Application of the net profit, declaration of a dividend for 1982 and of its date of payment.
3. Discharge of the directors and the commissaire with respect of the year 1982.
4. Statutory nominations.
5. Determination of the directors' compensation for the fiscal year 1982.
6. Determination of the commissaire's compensation for the fiscal year 1982.

The Bearer Shares may be deposited either at the Registered Office of the company in Luxembourg, or with any banking or financial institution agreed by the company. Depository certificates must be received by the company at Boite Postale No. 408, L-2014 Luxembourg, prior to May 25, 1983.

No Depository Certificate is required with respect to registered shares.

THE BOARD OF DIRECTORS

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK
7.25% [illegible] DUE MAY 1, 1984

[illegible]

EUROPEAN INVESTMENT BANK
May 10, 1983

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm £
Commercial & Industrial Property	8.50	30.00
Residential Property	6.50	22.00
Appointments	9.00	31.50
Business, Investment Opportunities	8.50	30.00
Business for Sale/Wanted	8.50	30.00
Personal	6.50	22.00
Motor Cars	6.50	22.00
Hotels & Travel	6.50	22.00
Contracts & Tenders	8.50	30.00
Book Publishers	—	net 14.00

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Financial Times
10 Cannon Street, EC4P 4BY

GENERAL MOTORS ACCEPTANCE CORPORATION OF CANADA LIMITED AND GMAC OVERSEAS FINANCE CORPORATION N.V.

NOTICE IS HEREBY GIVEN to holders of bonds issued by the above companies that the Annual Report and Accounts of such companies and of General Motors Acceptance Corporation [illegible] may be obtained [illegible] GMAC (UK) Ltd., [illegible] LU2 [illegible]

CONTRACTS & TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DE FORAGE
(National Oil Exploration Company)
"E.N.A.F.O.R."

NOTICE OF INTERNATIONAL CALL FOR TENDERS
NO. IN 83.17

"ENAFOR" is launching an International Call for Tenders for the supply of:

FOUR (4) 15-TONNE FORKLIFT TRUCKS

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Interested suppliers may obtain the specifications from: ENAFOR, DEPARTMENT ACHATS (PURCHASING DEPARTMENT), 1 PLACE BIR HAKEIM EL-BIAR (ALGER) (ALGIERS), with effect from the date on which this Notice is published.

Tenders, of which six (6) copies should be prepared, must be sent in a double sealed envelope, by registered post, the outer envelope being completely anonymous and bearing no captions, logo or seal of the tenderer, nor any inscription indicating the origin of the same, stating simply "APPEL D'OFFRES INTERNATIONAL No. IN 83.17 — CONFIDENTIEL — A NE PAS OUVRIR" (INTERNATIONAL CALL FOR TENDERS No. 83.17 — CONFIDENTIAL — DO NOT OPEN), for the attention of "MONSIEUR LE CHEF DU DEPARTEMENT ACHATS" (HEAD OF PURCHASING DEPARTMENT), to arrive by 25 June 1983 at the very latest.

Any tender arriving after this date will be rejected.

Selection will be made within 120 days from the closing date of this Call for Tenders.

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

[illegible]

Offshore and Overseas—continued

[illegible]

Insurances—continued

[illegible]

NORTH AMERICAN QUARTERLY RESULTS

CANADA NORTHWEST ENERGY

Six months	1982-83 C$	1981-82 C$
Revenue	46.1m	23.9m
Net profits	15.6m	5.3m
Net per share	1.07	0.36

HIRAM WALKER RESOURCES

Six months	1982-83 C$	1981-82 C$
Revenue	2bn	1.9bn
Net profits	130.6m	118m
Net per share	1.56	1.40

NOVA

First quarter	1983 C$	1982 C$
Revenue	1.07bn	730m
Net profits	32.5m	27.4m
Net per share	0.11	0.17

THOMSON NEWSPAPERS

First quarter	1983 C$	1982 C$
Revenue	159.5m	156.5m
Net profits	25m	21.3m
Net per share	0.50	0.43

HUSKY OIL

First quarter	1983 C$	1982 C$
Revenue	—	—
Net profits	2.2m	†10.4m
Net per share	—	—

† Loss

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Brit. Petroleum (★388)						
300	98	102	—	2	3	—
330	68	72	—	4	8	—
360	42	50	60	8	18	22
390	24	32	42	22	32	36
420	11	18	28	44	50	54
Cons. Goldfields (★534)						
420	125	—	—	3	—	—
460	85	104	—	6	10	—
500	57	72	80	15	27	35
550	25	42	65	40	54	62
600	6	20	—	72	—	—
Courtaulds (★100)						
70	33	35	—	1½	2	—
80	23	25	28	2	3	4
90	16	19	21	3	6	7
100	9	11	13	8	10	12
Commercial Union (★159)						
120	43	45	—	1½	1½	—
130	33	35	—	2	3	—
140	25	29	31	3	6	8
160	10	15	19	11	13	17
G.E.C. (★224)						
180	54	60	—	2	3	—
200	36	44	—	4	8	—
220	24	32	40	11	18	24
240	12	20	28	22	26	32
260	6	—	—	40	—	—
Grand Met. (★327)						
280	55	—	—	2	—	—
300	35	44	—	6	8	—
330	19	26	35	15	19	21
360	10	16	23	34	36	39
390	4	8	—	63	64	—
I.C.I. (★450)						
330	128	—	—	3	—	—
360	98	104	—	3	4	—
390	70	78	—	6	7	—
420	46	56	64	11	18	20
460	22	34	42	26	36	40
500	10	18	28	54	62	66
Land Securities (★313)						
260	56	61	—	2	—	—
280	36	42	—	5	7	—
300	19	27	37	12	16	20
330	6	16	25	30	33	36
Marks & Spencer (★204)						
180	30	37	—	4	5	—
200	19	26	33	8	14	17
220	9	15	21	21	24	27
240	3	—	—	38	—	—
Shell Transport (★466)						
390	108	116	—	2	3	—
420	78	86	—	3	6	—
460	40	48	58	9	15	28
500	18	30	38	30	38	46
550	8	14	—	68	74	—

Option	Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays Bank (★488)						
380	110	120	—	2	2	—
390	80	90	—	2	2	—
420	50	65	80	2	5	10
460	20	37	55	7	20	30
500	6	15	30	35	40	50
Imperial Group (★117)						
90	28	—	—	0½	—	—
100	18	—	—	1	—	—
110	8	14	16	1	5	6
120	2	7½	10	4	9	11
130	1	4	5½	14	15	18
LASMO (★303)						
210	96	105	110	1	3	3
230	75	85	96	1	4	7
250	55	70	80	1½	8	15
270	35	55	68	2	13	20
290	20	45	—	7	20	—
300	—	—	47	—	—	32
320	7	25	—	25	35	—
330	—	—	52	—	—	52
350	2	—	—	—	—	—
Lonrho (★98)						
80	13	16	18	1	2	2½
90	5	9½	10½	2	5½	6½
100	0¾	5	6½	9	11	12
P. & O. (★150)						
100	51	56	—	1	1	—
110	41	46	—	1	2	—
120	31	36	39	2	2	3
130	21	26	29	2	3	6
140	13	18	21	2	5	12
160	3	9	13	15	21	24
Racal (★477)						
420	60	77	97	3	7	12
460	24	45	64	6	21	28
500	7	27	44	34	45	63
550	2	15	—	80	82	—
600	2	4	—	130	130	—
650	2	—	—	180	—	—
R.T.Z. (★554)						
420	140	156	—	0½	—	—
460	100	115	—	0½	4	—
500	60	77	97	2	10	18
550	20	42	62	8	23	40
600	4	25	37	47	54	64
Vaal Reefs ★(£119)						
80	—	—	—	1	—	—
90	30	33	36½	1	1¼	3½
100	20	24	30	1	2½	6
110	10	19	26	1	5¼	9
120	2½	14½	20½	3½	9½	13
130	1	9½	14	11½	—	18
140	1¼	5	10	—	—	—

Option	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (★381)						
360	32	40	50	6	10	17
390	18	30	35	23	28	36
420	6	12	22	43	48	53
Guest Keen (★160)						
135	29	33	38	1½	5	8
155	12	17	22	8	12	16
175	4	9	13	18	23	26

Total Contracts 3,341 Calls, 2,360 Puts 981

★ Underlying security price.

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Income Accum.	106.9	112.6	-0.6	—
Do. Initial	105.2	110.8	-0.5	—
Man. Pens. Accum.	234.9	247.3	...	—
Do Initial	197.2	207.6	...	—
Gilt Edg. Pens. Accum	203.2	213.9	...	—
Do. Initial	164.4	173.1	...	—
Money Pens. Accum.	178.8	188.3	...	—
Do Initial	146.5	154.3	...	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	227.89		...	—
Managed Inv. Fd.	154.99	162.53	...	—
Property Fd	148.23	156.04	...	—
Fixed Interest Fd.	140.65	148.06	...	—
Cash Fd.	133.37	140.39	...	—
Income Fd.	159.68	168.09	...	—
Extra Income Fd.	154.82	162.97	...	—
Worldwide Growth Fd	212.89	224.10	...	—
Balanced Fd.	168.11	176.96	...	—
Smlr Co's & Recv. Fd	197.96	208.38	...	—
Int. Technology Fd	243.52	256.34	...	—
Nth. Amer. & Gen. Fd.	158.05	166.37	...	—
Energy Int. Fd.	94.12	99.08	...	—
Pacific Basin Fund	123.39	129.89	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	97.6	102.7	...	—
International	113.2	119.1	...	—
Property	104.3	109.8	...	—
Deposit	96.9	102.0	...	—
Fixed Interest	96.6	101.7	...	—
Managed	103.5	108.9	...	—
Equity Pens Cap.	96.9	102.0	...	—
Intnl Pens. Cap.	116.7	122.8	...	—
Property Pens Cap.	105.3	110.8	...	—
Deposit Pens. Cap	96.1	101.2	...	—
Fixed Int Pens Cap.	95.7	100.7	...	—
Managed Pens Cap.	104.7	110.3	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P Bar 51122

Equity Gth May 3	93.6		...	—
Rtmt. Fed. May 6	253.0		...	—
Managed Pen Fund	177.2	186.5	...	—
Property Pen Fund	110.2	116.0	...	—
Index Lnkd Pen Fund	119.1	125.4	...	—
Managed	115.1	121.2	+0.3	—
Property	99.9	105.2	...	—
Gilt and Fixed Interest	100.9	106.3	-0.2	—
Index-Linked	101.0	106.4	-0.3	—
Equity	113.6	119.6	...	—
Cash	100.5	105.6	...	—
Midland Bk. Unit Tst.	111.7	117.6	...	—
Midland Bank Intnl.	131.2	138.2	...	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£35.35	—	+0.06	—
Property Units	£16.87	—	...	—
Equity Bond/Exec.	£23.09	24.43	+0.05	—
Prop. Bond/Exec.	£22.05	23.33	-0.01	—
Bal. Bd./Exec/Unit	£22.73	24.05	+0.01	—
2nd Equity Acc	180.6	191.1	+0.3	—
2nd High Inc/Acc	131.9	139.6	...	—
2nd Property Acc.	168.9	178.7	...	—
2nd Managed Acc	164.9	174.5	...	—
2nd Deposit Acc.	140.6	148.8	...	—
2nd Gilt Acc.	139.4	147.5	-0.1	—
2nd American Acc.	191.7	202.9	+2.2	—
2nd Intl Money Acc	137.8	145.8	...	—
2nd Index Acc.	98.1	103.8	...	—
2nd Eq. Pens./Acc.	246.0	260.3	+0.5	—
2nd Hi Inc Pens/Acc.	136.8	144.8	...	—
2nd Prp. Pens/Acc.	209.5	221.7	...	—
2nd Mgd. Pens/Acc.	206.4	218.4	+0.1	—
2nd Dep. Pens/Acc.	181.0	191.5	...	—
Gilt Pens/Acc.	177.5	187.8	-0.2	—
2nd Am. Pens/Acc.	251.8	266.5	+3.4	—
2nd Int. Money Pens/Acc	163.6	173.1	...	—
2nd Index Pens. Acc.	102.3	108.3	...	—
L & E S I F	70.5	75.0	...	—
L & E S.I.F. 2	48.0	51.5	-0.5	—

Current value May 6

Capital Life Assurance
Coniston House, Chapel Ash W'ton. 0902 28511

Key Invest. Fd.	116.92c		—	—
Pacemaker Inv. Fd.	111.84		—	—

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	179.29	188.73	-0.84	—
Managed Income	88.95	93.63	-0.40	—
International	105.75	111.32	+0.92	—
High Income	107.81	113.49	...	—
Income & Growth	104.79	110.30	+0.66	—
Basic Resources	129.71	136.54	...	—
American	185.77	195.55	+2.17	—
Far Eastern (2)	172.33	181.40	+1.52	—
Smaller Cos.	133.37	140.39	-0.38	—

City of Westminster Assurance
Sentry House, 500, Avebury Boulevard, Central Milton Keynes MK9 2LA 0908-606101

	Series (2)			(1) Bid
West Prop. Fund	96.5	101.6	...	92.3
Managed Fund	265.4	279.4	-0.2	262.3
Equity Fund	116.2	122.3	...	113.8
Farmland Fund	74.4	78.4	...	71.6
Money Fund	174.9	184.2	-0.5	176.5
Gilt Fund	112.4	118.4	-0.5	113.4

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	120.6	127.0	+0.1	—
GT Pln High Yld Fnd	113.5	119.5	...	—
GT Plan Far East Fnd	98.8	104.0	...	—
GT Pln N Am Fund	157.0	165.3	...	—
GT Pln UK&G.E. Fnd	129.6	136.5	...	—
GT Pln Wrldwde Fnd.	132.9	139.9	...	—
GT Pension Bnd Fnd.	129.4	136.3	+0.2	—
GT Pen High Yld Fd	128.4	135.2	...	—
GT Pen Far East Fd	114.0	120.1	...	—
GT Pen N. Am. Fd.	217.6	229.1	...	—
GT Pen UK & G.E. Fd	148.0	155.8	...	—
GT Pen Worldwide Fd	141.8	149.3	...	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	162.3	170.9	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		240.5	...	—
Portfolio Fd. Init.		202.8	...	—
Portfolio Fd. Cap.		231.9	...	—
Investment A/cs	240.4	253.0	...	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,413	...	—
Landbank Secs.		62.7	...	—
Landbank Scs. Acc.	172.4	176.8	...	—
G. & S. Super Fd.		£10.638	...	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	299.9	312.3	...	—

GRE Linked Assurance Limited

Managed Initial	199.6	210.1	+0.1	—
Do. Accum.	219.4	230.9	+0.1	—
Equity Initial	250.4	263.6	-0.1	—
Do. Accum.	275.2	289.7	-0.1	—
Fixed Int. Initial	188.1	198.1	-0.3	—
Do. Accum.	206.8	217.7	-0.3	—
International Initial	198.2	208.6	+2.0	—
Do. Accum.	217.9	229.3	+2.2	—
North American Initial	94.4	99.4	+0.4	—
Do Accum.	94.4	99.4	+0.4	—
Index-Linked Gilt Init.	94.8	99.8	...	—
Do Accum	94.8	99.8	...	—
Property Initial	124.4	130.9	...	—
Do Accum	136.6	143.8	...	—
Deposit Initial	120.9	127.3	+0.1	—
Do. Accum.	132.9	139.9	+0.1	—

GRE Pensions Management Ltd.

Pens. Managed Initial	194.4	204.6	+0.3	—
Pens. Managed Acc.	208.8	219.8	+0.4	—
Pens. Equity Initial	250.1	263.3	+0.9	—
Pens. Equity Acc.	268.7	282.9	+1.0	—
Pens. Fxd. Int. Initial	188.7	198.6	-0.2	—
Pens. Fixed Int. Acc.	202.7	213.4	-0.3	—
Pens. Int'l Initial	179.3	188.7	+2.2	—
Pens. Int'l. Acc.	192.6	202.7	+2.4	—

Continued on adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Hambro Life Assurance P.L.C.
Hambro Life Ctr, Swindon, SN1 1EL 0793 28291

Fixed Int. Dep. Acc.	180.6	190.2	...	—
Equity Acc.	367.6	387.0	...	—
Property Acc.	271.5	285.8	...	—
Managed Cap.	219.5	231.1	...	—
Managed Acc.	328.9	346.3	...	—
Overseas Acc.	248.5	261.6	...	—
Gilt Edged Acc.	203.0	213.7	...	—
American Equity Acc.	217.7	229.2	...	—
American Man Acc.	117.3	123.5	...	—
American Prop Acc.	97.8	103.0	...	—
Pen.F.I.Dep.Cap.	196.2	206.6	...	—
Pen F.I.Dep.Acc.	271.3	285.6	...	—
Pen. Prop. Cap.	331.1	348.6	...	—
Pen. Prop. Acc.	505.4	532.0	...	—
Pen. Man. Cap.	405.2	426.6	...	—
Pen. Man. Acc.	618.5	651.1	...	—
Pen. GiltEdg.Cap.	218.0	229.5	...	—
Pen. Gilt Edg. Acc.	271.9	286.3	...	—
Pen. Eq. Cap.	574.8	605.1	...	—
Pen. Eq. Acc.	665.0	700.0	...	—
Pen B.S. Cap.	195.5	205.7	...	—
Pen. B.S. Acc.	263.3	276.5	...	—
Pen D.A.F. Cap.		159.4	...	—
Pen. D.A.F. Acc.		191.2	...	—

Hearts of Oak Benefit Society
129, Kingsway, London, WC2B 6NF 01-404 0393

Property Fund	46.8	50.4	...	—
Managed Fund	123.0	130.0	...	—

Henderson Administration
11 Austin Friars, London, EC2. 01-588 3622

See adjacent Page Mon-Fri and Stock Exchange Dealings page Sat.

Hill Samuel Life Assur. Ltd.
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

Security Fund	135.1	142.3	...	—
British Fund	134.9	142.0	...	—
International Fund	158.9	167.3	+0.8	—

OFFSHORE AND OVERSEAS

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for May 9.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	98⅞	98⅞	−0⅛	0	10.53
Amro Bank 13 89	200	108⅜	108⅞	+0¼	+0⅝	11.03
Bank of America 8 88 XW	150	88⅞	98⅞	−0⅛	0	10.70
Bank of Tokyo Hold 11 90	100	100	100½	+0⅛	+0⅝	10.94
British Col Hyd 10¼ 88	200	99⅝	100½	−0⅛	+0⅞	10.27
Canadair Ltd 12½ 89	175	107¾	108¼	0	+0⅝	10.70
Canadian Wheat 11¼ 90	50	102½	103	−0⅛	+0⅛	10.67
CIBC 11 90	75	98⅞	98⅞	—	—	11.29
Coca Cola Int 9⅞ 92	100	25⅞	26⅜	−0⅝	+0⅞	10.45
Coca Cola Int 11¾ 89	100	105½	106	0	+0¼	10.44
Cred Suisse BHA 10½ 90	150	100¼	100¾	0	−0⅛	10.38
Credit Suisse 10½ 88	100	102⅝	103⅛	0	+0½	9.86
Deutsche Bk Fin 14¼ 89	300	112⅜	112⅞	0	+0⅛	11.30
Du Pont 11¼ 95	150	104	104½	0	+0¾	10.58
Du Pont 14⅛ 89 WW	200	109	109½	−0¼	+0⅞	11.91
E.D.C. 10¾ 88	100	101⅜	101⅞	0	+0¾	10.26
E.D.F. 11⅛ 93	100	98½	99	—	—	11.34
E.D.F. 10¾ 95	75	97⅛	97⅝	−0¼	+0⅝	11.15
E.E.C. 11½ 95	200	100¾	101¼	−0⅛	+0½	11.32
E.I.B. 11 91	125	100⅜	100⅞	0	+0⅞	10.86
Exp Dev Corp 11¾ 87	100	103¾	104¼	0	+0½	10.54
Forsmarks 13¾ 92	75	108⅝	109⅛	+0⅛	+0¾	12.08
Fuji Int Fin 10⅞ 90	100	98⅝	99⅛	—	—	11.11
Gaz de France 12⅛ 93	175	102⅞	103⅜	−0⅛	+0⅞	11.70
Gen Elec Credit 9¾ 91	100	16⅜	16⅞	+0⅛	+0½	10.36
Gen Elec Credit 12 89	100	107⅝	108⅛	0	+0⅛	10.23
GMAC O/S Fin 10½ 90	200	101⅛	101⅝	+0⅛	+0⅞	10.19
Gulf Oil Fin 12⅛ 87	100	104⅞	105⅜	+0⅛	+0¼	10.68
Honeywell Int 10¾ 90	100	99⅞	100⅜	+0⅛	+0⅞	10.71
IBM World Trade 12⅛ 92	200	110¼	110¾	−0⅛	−0⅛	10.42
Indust Bk Japan 10⅞ 88	100	99⅝	100⅛	—	—	10.90
Manitoba Prov 11¾ 89	125	105¼	105¾	+0⅛	+0½	10.51
Manitoba Prov 13¾ 89	100	111	111½	+0¼	+0¾	11.10
Merrill Lynch 10⅝ 90	200	98¾	100¼	−0⅛	+0⅛	10.62
Midland Int Fin 11½ 92	150	102⅝	103⅛	0	+0⅝	10.97
Mitsubishi Corp 10½ 90	100	98⅝	99⅛	—	—	10.74
Nat West Fin 11¾ 92	150	104	104½	−0⅛	+0½	10.98
Nippon Credit 11⅛ 93	100	99½	100	−0⅛	+0¾	11.20
O.K.B. 10 91	100	95⅜	95⅞	−0⅛	+0⅞	10.74
Ontario Hydro 11⅛ 89	200	104	104½	0	+0½	10.31
Ontario Hydro 12¾ 92	200	108⅞	109⅜	0	+0¾	11.11
Prudential O/S 10⅝ 93	100	100¾	101¼	−0¼	+0⅞	10.45
Prudential O/S 12¾ 87	150	108¼	108¾	+0¼	+0½	10.23
Quebec Hydro 11½ 92 D	100	103⅜	103⅞	−0⅛	+0⅝	10.85
R. J. Reynolds 12¾ 89	100	107⅜	107⅞	+0⅞	+0¾	10.99
Saskatchewan Pr 10¾ 90	125	100¼	100¾	0	+0½	10.63
S.N.C.F. 11½ 93	100	100¼	100¾	−0⅛	+0⅞	11.40
Sth Cal Edison 10½ 90	75	99⅞	100⅜	—	—	10.47
Swiss Bk Corp 10¼ 90	125	102⅜	102⅞	−0¼	+0½	9.68
Texaco Capital 9¾ 90	150	96¾	97¼	−0⅛	+0⅞	10.37
U.B.S. 10 88	100†	102⅜	102⅞	−0½	+0⅛	9.31
U.B.S. 11 89	150	104¼	104¾	−0⅝	−0⅞	10.00
Walt Disney Pro 12½ 89	75	106¾	107¼	0	+0¾	10.88
Westpac Int Fin 11 90	100	98½	99	—	—	1.19
World Bank 10⅝ 88	150	100¼	100¾	0	+0⅝	10.23
World Bank 10⅞ 93	100	100¼	100¾	−0¼	+0⅞	10.78
World Bank 11⅛ 98	100	100⅝	101⅛	−0½	+1	10.98

Av. price changes: on day 0, on week +⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 93	200	99⅝	100⅛	+0⅛	+0⅝	6.89
Bank of Tokyo 7¼ 90	100	100	100⅝	0	+0⅝	7.17
Bayer Capital 7⅛ 89	150	104⅞	105⅛	−0⅛	+0⅛	6.89
Caisse Nat Energie 8 93	100	99⅞	100⅜	+0⅛	+0⅛	7.97
Caisse Nat Tele 7¾ 93	200	98⅛	98⅝	0	0	7.99
E.C.S.C. 7½ 93	150	98⅝	99¼	−0⅛	0	7.64
E.E.C. 7⅝ 95	200	99⅞	100⅜	0	0	7.73
E.E.C. 8 94	200	100⅝	101⅛	−0⅛	+0⅛	7.82
Escom 8½ 90	150	101⅜	101⅞	0	+0¼	8.18
Eurofima 7½ 91	100	101⅝	102⅛	−0⅛	+0¾	7.17
Ferrovie Dello 8¾ 88	150	101⅞	102⅜	0	0	8.18
H.J. Heinz Int 6¾ 85	50	100⅝	101⅛	−0½	0	6.52
Int-Am Dev Bk 7¾ 93	200	97⅞	98⅜	+0⅛	0	8.03
Int-Am Dev Bk 8⅛ 93	150	101	101½	0	+0⅝	8.05
Ireland 8½ 90	150	101½	102	0	+0⅛	8.15
Ireland 8⅞ 91	150	103	103½	−0⅛	+0⅞	8.25
ITT Antilles 7 93	200	97⅞	98⅜	0	−0⅛	7.27
McDonalds Fin 7⅛ 92	100	101	101½	−0½	−0¾	6.93
Mitsui O.S.K. 7¼ 88	100	100⅝	101⅛	0	+0¼	7.02
Mount Isa Fin 7⅝ 90	100	98⅛	98⅝	+0⅛	+0⅛	7.93
Quebec Hydro 8 93	200	102½	103	−0⅛	0	7.68
Sweden Kingdom 8¼ 89	150	102¼	102¾	0	0	7.74
Volkswagen Int 7⅛ 93	200	97⅜	98⅜	−0⅛	+0⅛	7.52
World Bank 7¼ 93	200	97⅜	98⅛	+0⅛	+0⅛	7.58
World Bank 7½ 93	300	98⅝	99⅛	−0¼	−0⅛	7.68

Av. price changes: on day 0, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 5½ 95	100	99	99¼	0	0	5.99
American Express 4¾ 93	100	95½	95¾	−0½	−1	5.33
Asian D.B. 5⅞ 95	100	99¾	99½	0	−0¼	5.86
BTR Finance 5⅝ 93	75	97½	97¾	0	−0¾	5.95
Carls-Tuborg Brw 5¾ 93	60	102¼	102½	−0½	−0½	5.43
Chugoku Ele Pow 6⅛ 91	100	101½	101¾	0	−1½	5.85
Chujitsuya Co 5⅞ 93	50	97¼	97½	0	−0⅝	6.24
E.I.B. 5¾ 93	100	99¼	99½	−0½	−0¼	5.83
Ex-Im Bk Japan 5 93	100	96⅞	97⅛	−0⅛	−0⅛	5.48
Fuji Electric Co 6 93	100	101¾	102	0	−0½	5.75
Gothenburg Airport 6 93	50	100¼	100½	0	+0¼	5.95
HCA Finance 5 93	100	98	98¼	−0⅞	−0⅛	5.25
Manitoba Prov 5¼ 93	100	101⅝	101⅞	+0⅛	+0⅛	5.02
Nippon Express Co 6 93	50	100¾	101	+0½	0	5.87
Nippon Kokan 5⅝ 93	100	95¾	96	−0½	−0⅛	6.20
Norsk Hydro 5½ 98	100	98¼	98½	+0½	0	5.66
O.K.G. 6¾ 93	80	101	101¼	−0½	−1⅛	6.58
Quebec Hydro 5½ 93	100	99⅞	100⅛	—	—	5.50
Sekisui House 6 93	100	100½	100¾	+0⅛	−0¼	6.01
Shikoku Elec Pow 5⅝ 93	100	97¾	98	−0¼	−0½	5.91
Tohoku Elec Power 6 93	100	100	100¼	−0½	−0⅝	5.98
Transcanada Pipe 5¾ 93	100	98¾	99	−0⅛	−0⅝	5.88
Trizec Corp 6⅛ 91	100	102	102¼	0	0	5.91
Union Bk Norway 5⅞ 93	60	98	98¼	+0⅝	+0⅝	5.83
Volvo 5⅛ 91	90	99½	99¾	+0¼	−1⅛	5.43
World Bank 5½ 93	100	99¾	100	+0¼	−0¼	5.51

Av. price changes: on day −⅛ on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	105¼	106	0	+0¼	7.75
E.I.B. 8¼ 92	15	102½	103¼	+0⅞	+0⅝	7.79
Japan Airlines 7⅞ 87	9†	101¾	102¼	0	0	7.24
New Zealand 7⅞ 89	15	101¼	102	+0¼	+0⅝	7.28
World Bank 8⅛ 92	20	103½	104	0	+0⅛	7.77

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Copnor 12½ 90 C$	50†	98¼	98⅝	+0⅝	+0¾	12.58
Farm Credit 12¼ 93 C$	50†	102½	103	+0½	+0⅝	11.63
Interprov Pipe 12¼ 93 C$	50†	98¼	98⅝	+0¼	+0¼	12.34
Pancanadian 12½ 93 C$	50†	99⅝	100¼	0	−0¼	12.48
Quebec Hydro 14 92 C$	80†	107½	108½	0	−0½	12.48
Sound Exp CR 12¼ 88 C$	50†	103½	104½	0	+0½	11.09
Trans Mont 12½ 90 C$	20†	97¾	98¾	−0¼	−0¼	12.88
E.I.B. 11¾ 91 ECU	60	100½	101¼	+0⅛	+0⅝	11.56
Quebec Prov 11½ 89 ECU	50	97½	98	+0⅝	+1½	12.94
Austria 7½ 88 Fl	100	99¼	99¾	+0⅛	+0⅛	7.62
Consol Foods 7⅛ 88 Fl	100	98⅛	98⅝	0	+0½	7.85
Nederland Gas 7½ 88 Fl	100	100⅛	100⅝	0	+0⅝	7.40
Philips Lamps 7¼ 88 Fl	100	100⅛	100⅝	+0⅛	+0⅝	7.15
Quebec Prov 7½ 88 Fl	100	99	99½	−0⅛	+0¼	7.58
World Bank 7 88 Fl	150	97⅜	98⅜	−0⅛	0	7.47
O.K.B. 14 86 FF	400	99¼	100¼	−0⅛	−0⅝	14.04
Solvay & Cie 14¾ 86 FF	200	100⅝	101⅜	0	0	14.30
B.F.C.E. 11½ 88 £	50	98¼	99	—	—	11.82
B.F.C.E. 14½ 87 £	30	107⅛	108⅛	0	+0¼	11.79
C.N.T. 12½ 89 £	20	101½	102½	−0¼	+0¾	12.08
E.E.C. 11⅝ 91 £	50	100⅛	100⅝	−0⅛	+0¼	11.77
Fin For Ind 12¼ 88 £	30	103⅝	104⅝	0	+0⅝	11.16
Fin Mat Oranj 12⅝ 92 £	30	103½	104¼	+0⅛	+2⅝	11.92
Gen Elec Co 12½ 89 £	50	105⅝	106⅝	−0¼	+0½	11.04
Hiram Walker 14⅛ 86 £	25	107	108	+0⅛	+0⅛	11.10
Mort Bk Fin 11¾ 88 £	15	28	29	0	+1	12.17
Norsk Hydro 12 90 £	30	102⅝	103⅝	+0¼	+0⅞	11.34
Norsk Hydro 14½ 87 £	30	108	109	0	+0¼	11.76
Quebec 14½ 88 £	30	109⅝	110⅝	−0⅛	+0⅝	12.12
S.D.R. France 15½ 92 £	30	107½	108½	−0¼	+0⅞	13.86
S.N.C.F. 11½ 88 £	30	97¾	98½	−0½	+0⅝	11.99
Tenneco Int 14¾ 87 £	30	108½	109½	−0⅛	+0⅜	11.88
World Bank 11⅝ 91 £	75	98⅝	99½	0	+1¼	11.55
Euratom 11 93 LuxFr	500	103⅝	104⅝	+0⅛	+0⅝	10.34
Europarat 10¾ 93 LuxFr	600	103	104	+0½	+0⅝	10.17

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	100	100½	10/6	9¾	9.73
B.F.C.E. 5¼ 88	0¼	99⅛	99⅝	20/7	9¼	9.31
B.F.C.E. 5¼ 87	0¼	99⅝	99⅞	27/7	9.94	9.96
Caisse Nat Tele 5¼ 90	0¼	99½	100	21/10	9.56	9.59
C.C.F. 5¼ 95	0¼	99¾	99⅞	7/10	10.19	10.21
C.C.F. 5¼ 98	0¼	99⅞	100⅛	24/5	9.94	9.94
Copnor 5¼ 88 WW	0¼	99⅝	99⅞	3/6	5¼	5.27
Copnor 5¼ 92	0¼	99⅝	99⅞	10/6	9.94	9.96
Chemical NY 5¼ 94 ††	0¼	100¼	100⅝	23/6	9⅝	9.83
Credit Agricole 5¼ 97	0¼	99⅝	100⅛	24/9	10	10.01
Credit du Nord 5¼ 92	0¼	99⅞	99⅞	23/6	10⅛	10.21
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/10	10.06	10.09
Credit Lyonnais 5¼ 94	0¼	99⅞	99⅞	5/7	9⅝	9.73
Credit Nat 5¼ 94	0¼	99	99½	9/9	9¼	9.32
E.D.F. 5¼ 95 XW	0¼	99⅝	99⅞	10/8	10	10.04
Kansallis Osake 5½ 92	0¼	99⅞	100⅛	5/5	10.06	10.05
Long Term Cred 5¼ 92	0⅛	99⅞	100⅛	27/5	10⅛	10.13
J.P. Morgan 5¼ 97 $	0¼	100⅛	100⅜	12/5	9½	9.44
New Zealand 5¼ 87	0⅛	100¼	100⅝	7/10	10.06	10.01
NZ Steel Dev 5¼ 92	0⅛	100	100¼	22/6	10.10	10.10
Nippon Credit 5¼ 90	0⅛	100⅛	100⅜	10/8	9⅞	9.85
Scotland Int 5¼ 92	0⅛	100⅛	100⅜	23/9	9.94	9.91
Sec Pacific 5¼ 91	0⅛	100	100½	24/5	10.06	10.04
Société Générale 5¼ 95	0¼	99¼	99¾	1/8	9½	9.56
Standard Chart 5¼ 91	0⅛	100	100½	18/5	10.69	10.66
Sweden 5¼ 93	0⅛	99⅞	100¼	3/6	10.19	10.19
Sweden 5¼ 89	0⅛	99⅞	100⅛	28/8	9⅝	9.64

Av. price changes: on day +⅛, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	849.2	100⅛	101⅝	+0⅛	8.24
Bridgestone Tire 5½ 96	3/82	470	113¾	115½	−0⅛	4.14
Canon 7 97	7/82	748.2	104¼	106	+0⅛	−0.92
Fujitsu Fanuc 4½ 98	10/81	4481	123¼	125¼	+0⅛	5.85
Hitachi Cable 5⅛ 96	2/82	515	98⅝	99⅞	+0⅛	2.63
Hitachi Credit Corp 5 96	7/81	1612	99⅝	101⅜	−0⅝	10.92
Honda Motor 5½ 97	3/82	759.6	114⅝	116⅛	−0⅝	−1.63
Kawasaki 5⅝ 96	9/81	229	83⅝	85⅛	−0⅛	21.82
Kumagai Gumi 6½ 97	10/82	488	113⅛	114⅝	+0⅛	8.47
Kyowa Hakko 6¼ 97	2/83	782	105¼	106½	+0⅛	10.87
Marui 6 96	7/81	769.5	123⅞	125⅝	+0⅝	5.30
Minolta Camera 5 96	10/81	826.4	85⅝	87⅛	−0⅝	42.16
Murata 5⅛ 96	7/81	1714	117	118½	+3¼	7.02
Nippon Electric 5¼ 97	2/82	765.9	132⅝	134⅝	+2⅛	4.87
Nippon Oil Co 5½ 98	4/83	864	101⅞	102⅜	+2½	8.18
Nissan Motor 5⅝ 98	4/83	770	96¼	97½	+0⅝	−0.28
Olympus Optical 6⅛ 97	12/82	1331	101⅞	103⅜	+0⅝	4.88
Orient Finance 5⅛ 97	3/82	927.2	110½	112	−1	−2.15
Sumitomo Electric 5½ 97	3/82	577.3	102⅝	103⅞	−0⅝	−0.53
Sumitomo Metal 5¼ 96	10/81	295.1	79¾	81¼	−0¼	40.83
Sanyo Electric 3½ 93 SF	5/83	501	103½	104½	0	3.40
Sharp Corp 3½ 93 SF	3/83	1190	113¾	114¾	0	−2.88
Konishiroku 6⅛ 88 DM	6/82	616	113	114	+0½	5.43
Mitsubishi Heavy 6 89 DM	2/82	263	107¼	108¼	−0⅛	16.42
Sun Realty 6⅛ 92 DM	2/83	365	119	120	−0⅝	5.18

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

$300m Eurobonds launched in market

By Mary Ann Sieghart in London

THREE $100m bonds were launched on the Eurodollar bond market yesterday, and met with very different receptions.

The most successful was a floating rate note from Banque Bruxelles Lambert. Priced at par, it has a 12-year maturity and pays ¼ point over the six-month London interbank offered rate, with a minimum coupon of 5 per cent. The deal, which is led by Credit Suisse-First Boston, traded at a 0.2 point discount in the pre-market, well inside the 2¼ point gross spread to managers.

The Province of Manitoba's seven-year bond has a 10½ per cent coupon at par and is being led by Wood Gundy. The market seemed to think the terms were right, and the issue traded at a discount around its selling concession of 1¼ points.

The least popular deal was a 10-year, 10¾ per cent issue at par from BOC, the British industrial gases company. Led by Nomura International, the bond is callable after seven years. "It's absolutely out of line with the market," said one dealer, who pointed out that the 10¾ per cent BOC bond due 1990, already in the secondary market, was yielding 11.58 per cent.

Many houses are said to have turned down the offer of co-management and the bond slipped to a discount of at least 2½ points – well outside its 1½ point selling concession.

Citicorp has cashed in on investor enthusiasm for warrants by issuing 100,000 warrants – without bonds attached – in a two-tranche deal. Half the warrants are to buy five-year, and the other half to buy seven-years notes. Both note issues carry a 9¾ per cent coupon at par. The deal is led by Credit Suisse-First Boston and Citicorp itself, and the warrants were trading at around $22 and $24 for the five and seven years respectively.

The dollar secondary market eased off a little yesterday on news of higher than expected U.S. money supply figures late on Friday.

Spanish Telephones is raising DM 100m in the German bond market through a 10-year bullet bond paying 8¼ per cent at par and led by Dresdner Bank. The issue, which was thought to be a little tight, traded at a discount of around 1¾ points.

Prices changed very little in both the German and Swiss secondary markets yesterday.

Turbo fails to pay interest on Eurobond

By Our Euromarkets Staff

TURBO RESOURCES, the West Canadian oil and gas group, has announced that it is unable to meet the interest payments due on its $25m convertible Eurobond.

The semi-annual payment of $1.6m is due on May 15. The bond, which is redeemable in 1990, pays a coupon of 12½ per cent and is partially convertible into Turbo shares.

The company intends to include the bondholders as part of its refinancing negotiations with its lenders. Once agreement has been reached, the refinancing package will be presented for approval at a meeting of debenture holders.

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	100	85	Atl'tc M'trp'n U.S.$.10	87	−3	Q8c	0.6	6.8	22.2
‡68	F.P.	20/5	103	95	✠Bensons Crisps 10p	94	−1	g1.9	3.1	2.9	12.4
‡110	F.P.	3/6	160	123	✠Bryant (Derek) 10p	125	−2	u5.25	2.0	6.1	12.0
¶225	F.P.	6/5	253	220	Datastream 5p	225	.....	b2.35	3.5	1.4	22.5
‖ ‖	F.P.	—	80	65	Don Bros., Buist	78	.....	b3.5	2.6	6.4	8.4
‡14½	F.P.	31/5	15	14	Edmond Hldgs. 10p	14	.....	b1.0	1.1	10.2	12.7
‖ ‖	F.P.	—	60	54	✠IntervisionVideo 10p	40	+2	1.0	2.1	3.6	15.9
‡80	F.P.	20/5	135	110	✠Lorlin Elect. 20p	123	−2	b1.0	5.0	1.2	22.5
‡32	F.P.	—	43½	38½	MCD	40	.....	u1.0	2.2	3.6	15.2
‡94	F.P.	20/5	150	140	✠Microlease 10p	147	+5	ud2.0	2.5	1.9	25.8
‡80	F.P.	27/5	143	120	✠Miss World Grp. 10p	120	.....	b3.0	2.5	3.6	16.3
¶¶65	Nil	16/5	18pm	5pm	✠Mnemos 10	5pm	−1	—	—	—	—
¶1350	F.P.	27/5	358	348	Octopus Publish. 20p	348	−7	‡6.0	2.5	3.5	16.4
‡£48	F.P.	—	£67	£59	Perstorp AB Free 'B'	£59	.....	Q9.8%	5.2	0.7	28.0
‖ ‖	F.P.	—	37	27	✠Rivlin I. D. & S. 5p	37	+3	F0.1	—	0.4	—
‡134	F.P.	—	150	135	✠Securiguard 5p	135	−3	b1.75	2.6	1.9	28.3
£105	F.P.	10/6	153	120	✠Spring Ram 10p	123	+3	u3.0	2.3	3.5	14.4
‡47	F.P.	3/6	80	64	✠Strikes Rests. 10p	65	−1	g1.35	3.5	3.0	13.6
‡72	F.P.	30/5	113	89	✠Utd. Packaging 1p	104	.....	b2.5	3.2	3.4	11.1
=‖	F.P.	20/5	44	36	✠Yorkgreen Inv. 1p	36	.....	b1.4	2.5	5.6	8.1

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
‖	F.P.	23/5	190p	115p	Bifurcated Con. Cum. Pref. 91-93	165p	+5
¶¶100	Nil	18/5	20ppm	15ppm	✠Booth 10% Con. Uns. Ln. 1990	16ppm	−4
—	£20	28/10	20½	19¼	Bristol 11½ pc Red. 2018	20⅛	−⅛
—	£25	26/8	25	24½	Brixton Est. 11¼pc Deb	24½	.....
¶¶	F.P.	20/5	100	95	Brooke Tool 17% Conv. Prf.	100	+5
‡100	Nil	12/5	17ppm	2ppm	East'n Prod. 10½% Con. Ln. 1987-2002	16ppm	+1
¶101	£10	28/7	12	11¼	Folkestone Water 7%Pref. 1988	11¼	.....
—	—	—	100⅛	100	Nationwide B. S. 10⅞% Bds. 30/4/84	100⅛	.....
¶¶	F.P.	24/6	102	100¼	NewThrogm't'n Tst. (83) 12.6% 2002	101	.....
93.89	£30	15/9	30½	30⅛	New Zealand 11¼% 2008	30¼	−¼
‡97.174	F.P.	6/5	104⅝	94	Pearson (S) 13% Uns. Ln. 2007	104⅛	−⅛
99.783	F.P.	17/6	99¾	99⅛	Securities Tst of Scot. 12% 2003	99¼	+¼
99.775	£25	21/9	26	25	Sunderland 11¼% Red. 2008	25⅞	−¼
‖	Nil	12/5	½ppm	¼ppm	Tomatin Dist. 7pc Cnv. Pref.	¼ppm	−⅛
‡98.579	£25	31/8	24	23½	Trafford Park Est. 11¼% 2007/11	23½	+¼
100	F.P.	15/5	112p	106p	Wellman Eng. 10% Irr. Pref.	106p	−1

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
35	Nil	—	—	14pm	10pm	Anvil Pet. 20p	10pm	−1
55	F.P.	25/4	3/6	115	97	BSR 10p	110	−2
155	F.P.	8/4	31/5	206	175	Brit. Car Auctions 10p	195	.....
45	F.P.	30/4	3/6	53	49	Comben Grp. 10p	49	.....
42	Nil	—	6/6	16pm	½pm	Combined Tech. 10p	1pm	+½
85	Nil	—	3/6	39pm	26pm	Dubilier 5p	26pm	−7
125	Nil	—	17/6	25pm	21pm	EIS	22pm	+1
14	Nil	19/5	31/5	1½pm	½pm	Edmond Hlds. 10p	1pm	+½
155	Nil	—	—	66pm	47pm	Electro Protective $0.05	47pm	−18
385	F.P.	—	27/5	555	528	Fisons £1	537	−3
165	F.P.	11/5	10/6	186	162	Geers Gross 10p	184	−2
145	Nil	—	—	21pm	12pm	GKN £1	17pm	−2
146	Nil	—	—	11pm	7pm	Hawley Grp.	11pm	.....
198	F.P.	6/5	2/6	248	205	✠Immediate Business 10p	220	+5
185	F.P.	20/4	17/6	330	215	LASMO	303	.....
110	F.P.	5/5	27/5	[illegible]	[illegible]	Leisuretime Int. 10p	113	.....
100	Nil	—	—	40pm	24pm	Matlins	40pm	.....
290	F.P.	6/5	10/6	365	357	Mills & Allen	362	.....
176	F.P.	25/4	25/5	248	234	Newman (J.)	238	.....
1.25	Nil	18/5	24/6	17pm	14pm	Norton (W.E.) 1p	14pm	+1½
150	Nil	—	—	10pm	10pm	Rightwise 10p	10pm	.....
—	F.P.	6/5	3/6	30	25½	Sheffield Brick	30	.....
178	Nil	—	—	24pm	17pm	Spirax-Sarco	17pm	−3
390	F.P.	—	10/6	453	430	Standard Chartered Bank £1	455	.....
140	Nil	—	—	115pm	105pm	Warehouse Gp.	155pm	.....
15	F.P.	25/4	27/5	25½	23	Whittington Int'l	23½	+½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. T Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ‡ Figures or report awaited. ‖ Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. † Effective issue price after scrip. ‡ Formerly dealt in under special rule.

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C $350	50	89	—	—	—	—	$434.50
GOLD C $400	105	38	—	—	—	—	
GOLD C $425	188	12	3	22	11	45	
GOLD C $450	32	2	9	21	—	—	
GOLD C $500	—	—	20	7	5	16.10	
GOLD P $350	—	—	50	2.50	3	7.50	
GOLD P $400	10	0.10	9	6.50	20	7.50	
GOLD P $425	56	2.50	4	10	10	13 B	
GOLD P $475	15	42	9	11	—	—	
	June		Sept.		Dec.		
SILV C $10	—	—	4	3.50	—	—	$12.39
SILV C $11	10	2	1	2.80	—	—	
SILV C $12	10	1.45	32	1.50	—	—	
SILV C $13	—	—	5	1.40	1	1.60	
SILV P $11	20	0.80	—	—	—	—	
	July		Oct.		Jan.		
AKZO C F.45	21	13.30	—	—	—	—	F.57.30
AKZO C F.50	17	8.40	13	11.20	—	—	
AKZO C F.55	79	5.80	6	8.50	5	[illegible]	
AKZO C F.60	401	4.20	39	5.50	5	8.50	
AKZO C F.65	364	2.40	96	4	19	5.50	
AKZO P F.37.50	6	0.10	—	—	—	—	
AKZO P F.45	7	0.50	—	—	—	—	
AKZO P F.50	86	1.70	—	—	—	—	
AKZO P F.55	79	4.20	3	5.20 A	—	—	
KLM C F.100	1	52	—	—	—	—	F.151
KLM C F.120	1	31	—	—	—	—	
KLM C F.140	77	17	—	—	—	—	
KLM C F.150	271	10.50	16	14.50 B	—	—	
KLM C F.160	336	6	27	11	—	—	
KLM C F.170	311	4	26	8	—	—	
KLM P F.130	2	3	—	—	—	—	
KLM P F.140	75	4	—	—	—	—	
KLM P F.150	355	6.30 B	43	10	8	[illegible]	
KLM P F.160	75	10.50	12	15	—	—	
KLM P F.170	—	—	4	22	—	—	
PHIL C F.30	—	—	20	16	—	—	F.45.50
PHIL C F.32.50	16	13.10	—	—	—	—	
PHIL C F.35	16	10.50	34	11.50 A	—	—	
PHIL C F.40	77	5.60	33	6.10	—	—	
PHIL C F.45	215	1.70	248	3.80	363	7.50	
PHIL C F.50	975	2	311	3.60	156	4.70	
PHIL P F.35	2	0.80	5	0.60	—	—	
PHIL P F.40	196	1	5	1.50	—	—	
PHIL P F.45	242	2.50	9	4	13	4.20	
PHIL P F.50	12	5.60	5	6.10	—	—	
RD C F.90	9	30	1	15.50 A	—	—	F.119
RD C F.100	19	19.30	20	20.40	—	—	
RD C F.110	94	9.60 A	64	10.80	8	13.20	
RD C F.120	171	3	166	6.80	9	8.50	
RD C F.130	200	1.60	179	2.90	11	4.40	
RD P F.90	—	—	5	0.80	—	—	
RD P F.100	11	0.60	—	—	—	—	
RD P F.110	46	2.90	6	5.20 B	—	—	
RD P F.120	122	7.20	—	—	—	—	
RD P F.130	5	15.50 B	—	—	—	—	
UNIL C F.200	37	21	15	—	7	20	F.207.70
UNIL C F.220	106	4.50	8	7.50 A	5	13	
UNIL C F.240	12	1.40	5	4	4	10	
UNIL P F.190	36	3.40	—	—	—	—	
UNIL P F.200	61	7.30 B	5	10	—	—	
	May		Aug.		Nov.		
12¾ NL 81 87-91							
C F.125	—	—	100	5 A	—	—	F.130
C F.127.50	50	0.60	20	3.60 A	9	5.00 B	
C F.130	50	0.60	211	1.60 A	9	3.50	
C F.133	46	0.10	79	1.10	97	2	
P F.140	—	—	13	3.50	—	—	
P F.125	—	—	10	0.60	—	—	
P F.127.50	5	0.30	15	0.90	—	—	
P F.130	30	1	7	1.80	25	4	
10¾ NL 80 86-95							
C F.110	—	—	400	2.30	—	—	F.111.30
11¼ NL 82 88-92							
C F.112.50	—	—	—	—	200	2.60	F.113.70
7½ NL 83 87-90							
C F.97.50	10	0.70	—	—	—	—	F.97.80
P F.97.50	50	0.40	235	1.20	—	—	
P F.100	100	2.30	—	—	—	—	

TOTAL VOLUME IN CONTRACTS 13,261

A=Asked B=Bid C=Call P=Put

Surplus stocks hit orange growers, Page 33

SECTION III CONTENTS

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday May 10 1983

WALL STREET

Fed move discourages recovery

A LESS ebullient mood was in evidence on Wall Street following Friday's announcement of an unexpected increase in money supply, *writes Terry Byland in New York.*

The Dow Jones average finished the day at 1,228.23, a loss of 4.36, although *the index had been off by as much as* nine points at one stage and ahead by 2.90 at 1,235.49 at 3 pm.

Credit markets opened lower yesterday and equities, quick to respond to short-term interest trends, started the session with profit-taking in major stocks.

Earlier attempts at a recovery were discouraged when the Federal Reserve Board announced a three-day reverse repurchase agreement which will take money out of the market system, keep short-term rates firm and increase the cost of holding stocks.

The Federal Funds rate, the key short-term rate for bank funds, although unchanged after the Fed move, stood at 8⅝ per cent compared with 8¼ per cent at one time on Friday.

Treasury bill yields gained around five basis points while prices for longer dated bonds lost ground.

Share prices again showed themselves resilient in the face of profit-taking. *The big institutions sold* shares in some of the recent high fliers, notably in the motor, railroad and oil sectors.

But they were also buyers of a wide range of consumer stocks, which have so far lagged behind the market advance.

There was activity in Chrysler shares following reports that the group would ask the U.S. Government to forgo its right to buy 14.4m shares at $13 each, *well below the market price. The U.S.* Treasury had no knowledge of such plans and shares in Chrysler steadied at $28¾, a net $¼ down, with a large block of stock changing hands at $28¾.

The other feature of the motors sector was the announcement by General Motors Acceptance Corporation, financing arm of the motor group, of $1.25bn in notes shelf registraiton, one of the largest on record.

Shares in General Motors opened lower but rallied to stand at $70, a fall of $⅝. Ford Motor slipped $¼ to $51⅛.

Among the steel industry issues, Kaiser Steel dipped by $1¼ to $36⅝ after the long-expected bid from the Irwin Jacobs investor group. Terms of the offer were *difficult to assess but the market found* them a disappointment.

Another dull feature was El Paso, the natural gas producer whose shares fell 1⅛ after Merrill Lynch had downgraded them and the El Paso board decided to cut the quarterly payout.

Exxon shed $⅛ to $34⅛ as profit-takers cut into last week's gain and Standard Oil California, which plans to sell *all or part of its European interests*, eased by $¼ to $38¼.

In the credit markets, the Fed's announcement of the first reverse repurchase agreements since the beginning of the year did more to reduce prices than did the $1.4bn increase in money supply.

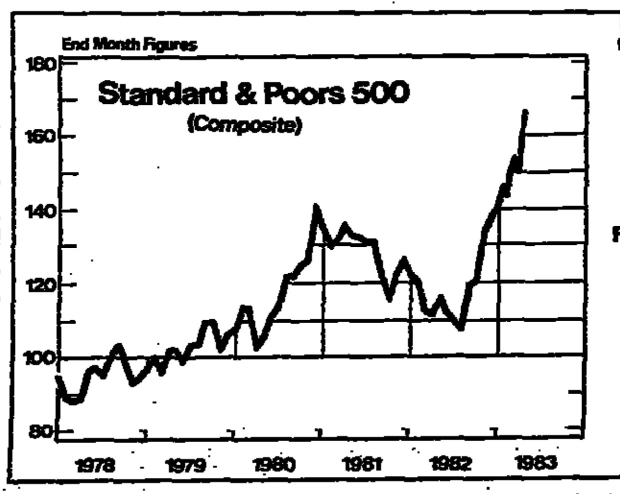
The Fed repurchase arrangements will give the authorities more leverage in the market in a week in which there is little in the way of Treasury financing.

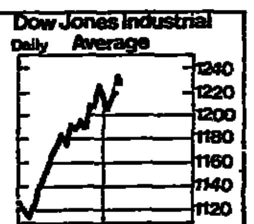
The discount rate on three-month treasury bills stood at 8.09 per cent in early dealings, but moved up to 8.13 per cent after the Fed's announcement, compared with *8.08 per cent on Friday*. The six-month bills were at a discount of 8.14 against Friday's 8.08 per cent.

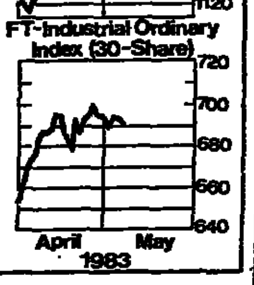
At the long end of the bond market, where prices soared on Friday afternoon *following the announcement of money* supply data, the benchmark long bond opened at 100 17/32, some 5/32 down, but after the repurchase news at mid-session, the bond was priced at 100 1/32, offering a *yield of 10.35 per cent.*

In Toronto, stocks traded lower with resource and real estate issues leading the decline. Of the 14 major indices, only the metals and media groups were higher. The same lower trend was seen in Montreal.

KEY MARKET MONITORS







STOCK MARKET INDICES

	May 9	Previous	Year ago
NEW YORK			
DJ Industrials	1228.23	1232.59	869.2
DJ Transport	549.40	552.1	352.9
DJ Utilities	129.11	129.11	116.95
S&P Composite	165.81	166.1	119.47
LONDON			
FT Ind Ord	690.2	694.4	590.5
FT-A All-share	427.88	429.11	338.53
FT-A 500	465.13	466.72	369.01
FT-A Ind	429.37	430.66	335.24
FT Gold mines	651.6	653.6	228.8
FT Govt secs	81.28	81.68	69.01
TOKYO			
Nikkei-Dow	8719.88	8688.77	7518.78
Tokyo SE	637.7	636.07	557.82
AUSTRALIA			
All Ord.	596.2	588.4	512.7
Metals & Mins.	531.8	519.6	383.2
AUSTRIA			
Credit Aktien	58.99	59.24	52.4
BELGIUM			
Belgian SE	121.72	121.25	94.35
CANADA			
Toronto Composite	2429.38	2436.2	1544.2
Montreal Industrials	414.50*	416.1	283.87
Combined	403.17*	405.18	285.2
DENMARK			
Copenhagen SE	142.98	140.86	93.93
FRANCE			
CAC Gen	123.9	123.8	110.6
Ind. Tendance	128.5	127.9	123.9
WEST GERMANY			
FAZ-Aktien	315.38	314.47	233.92
Commerzbank	943.8	940.4	712.7
HONG KONG			
Hang Seng	967.62	986.71	1368.97
ITALY			
Banca Comm.	191.34	192.94	188.38
NETHERLANDS			
ANP-CBS Gen	127.5	126.2	94.7
ANP-CBS Ind	107.0	104.1	74.2
NORWAY			
Oslo SE	190.31	190.18	108.1
SINGAPORE			
Straits Times	950.99	960.41	771.08
SOUTH AFRICA			
Golds	928.6	930.0	417.4
Industrials	912.2	908.0	595.9
SPAIN			
Madrid SE	closed	113.27	123.62
SWEDEN			
J & P	1480.97	1426.88	578.67
SWITZERLAND			
Swiss Bank Corp	329.6	329.1	257.2
WORLD	May 6	Prev	Yr ago
Capital Int'l	179.3	178.1	139.5

GOLD (per ounce)

	May 9	Prev
London	$434.50	$432.00
Frankfurt	$434.25	$431.50
Zürich	$434.50	$431.50
Paris (fixing)	$437.61	$433.14
New York (May)	$441.6	$437.20

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR May 9	U.S. DOLLAR Previous	STERLING May 9	STERLING Previous
£	1.5670	1.5780	–	–
DM	2.4350	2.4415	3.8175	3.855
Yen	232.65	234.75	364.75	370.75
FFr	7.34	7.36	11.50	11.615
SwFr	2.0375	2.053	3.1950	3.2425
Guilder	2.7440	2.7460	4.3025	4.335
Lira	1452	1455.5	2275	2297
BFr	48.69	48.80	76.30	77.05
C$	1.22625	1.22575	1.9215	1.9355

INTEREST RATES

	May 9	Prev
Euro-currencies (three month offered rate)		
£	10⅛	10 3/16
SwFr	4⅞	4⅞
DM	5 1/16	5 1/16
FFr	15¼	15¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅞	8⅞
6-month U.S.$	8 15/16	8 15/16
U.S. Fed Funds	8⅝	8⅝
U.S. 3-month CDs	8.45	8.55
U.S. 3-month T-bills	8.12	8.02

U.S. Treasury Bonds

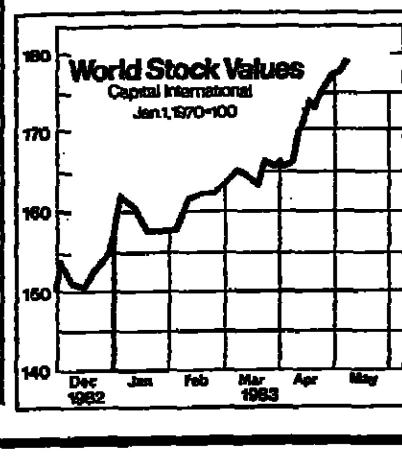
	May 9 Price	May 9 Yield	Prev Price	Prev Yield
9½ 1985	100 13/32	9.30	100 15/32	9.21
10½ 1990	101 22/32	10.14	102 10/32	10.03
10⅜ 1993	99 10/32	10.22	99 29/32	10.13
10⅜ 2012	100 1/32	10.35	99 14/32	10.42

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	78–26	79–11	78–21	79–19
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.94	92.05	91.91	92.10
Cert Deposit (IMM) $1m points of 100%				
June	91.64	91.68	91.58	91.73
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.34	91.37	91.32	91.33
20-year Notional Gilt £50,000 32nds of 100%				
June	104–23	105–26	104–21	105–29

LONDON COMMODITY MARKETS

	May 9	Prev
Silver (spot fixing)	797.85p	785.95p
Copper (cash)	£1124.50	£1113.00
Coffee (May)	£1844.50	£1862.00
Oil (spot Arabian light)	$28.82	$28.85



EUROPE

Frankfurt gives up early gain

A GENERALLY firm mood emerged on the European bourses with only Frankfurt and Milan going against the trend.

Early gains were posted in hectic trading in Frankfurt, in response to the record levels achieved by Wall Street on Friday.

However, interest faded later and shares ended mixed, but with an easier bias. The Commerzbank index, calculated at mid-session, reflected the early trend and rose 3.40 to 943.80.

Among motors, Daimler retreated DM 1.50 to DM 548, after peaking at DM 551, while VW shed DM 1.30 to DM 177.60, after DM 178.70, and BMW closed steady at DM 336.50, after DM 338.50.

Conti-Gummi slipped on news that it is again not paying a dividend, despite higher 1982 profits and it shed 90pf to DM 92.80 after a high of DM 95.

Among the banks, Commerzbank closed 70pf higher at DM 177.20, after a DM 178 high, but Dresdner slipped DM 1 to DM 190, after DM 191.50, and Deutsche fell 60pf to DM 332.40, after DM 335.

The easier bias failed to curb AEG *which extended its recent advance to* close up DM 1.70 at DM 77.90, though this was below the day's high of DM 79.10.

In chemicals, BASF ended 10pf firmer at *DM 144.90, after DM 145.50*, ahead of first-quarter figures which are to be announced soon. Among metals, Metallgesellschaft fell back heavily to close DM 14 lower at DM 236.

Domestic bonds were little changed with the rise in the latest U.S. M1 money supply data doing little to dampen the slightly more positive mood which emerged at the end of last week.

In Paris, shares were firm in moderately active trading with sentiment boosted by the Bank of France's announcement of a ¼ percentage point cut in its call money rate to 12¾ per cent.

Foods and constructions led the trend with Carrefour up FFr 18 at FFr 1,420, Lesieur FFr 12 at FFr 984, Bouygues FFr 7 at FFr 708 and Lafarge FFr 10 at FFr 274.

Amsterdam saw a mixed-to-higher close. In Dutch internationals, KLM fell Fl 2.50 to Fl 151, mainly due to a large number of shares for sale. Unilever was Fl 2.20 lower at Fl 207.7.

Dutch bonds were unchanged to weaker in a quiet market.

Favourable inflation prospects helped sentiment in **Zurich** and shares rose in moderately active trading.

Swissair bearer rose SwFr 3 to SwFr 803 while its registered stock added SwFr 5 to SwFr 870. Bankers were higher, led by Bank Leu bearer. Baer Holding was unchanged at SwFr 5,400 after reporting higher net profit for 1982 and proposing a higher dividend.

Domestic and foreign shares were steady in quiet trading in **Brussels**. Among Belgian shares, there was no major movement with all transactions restricted to a 2 per cent margin in either direction.

Shares were firmer in heavy trading when the **Stockholm** bourse reopened after a week's closure for expansion work.

However, prices were generally easier in **Milan** on the continuing absence of buying interest and end account liquidation. But Pirelli and Montedison gained slightly, against the trend.

AUSTRALIA

Resources firm

SHARES moved higher in moderately active trading in **Sydney** with investors encouraged by Wall Street's strength last week and the upturn in world bullion prices.

The rally was led by top resource issues, while speculative golds were also firm. At the close, the All Ordinaries index was up 7.7 on the day at 588.5.

LONDON

Relief as election date set

THE announcement in London of an early June general election came as a welcome relief to equity markets currently dominated by political uncertainties. *However, with the election hurdle* still to be crossed, the underlying tone remained extremely sensitive.

Leading industrials staged a good rally from depressed mid-day levels, but Government stocks remained very uncertain. A simultaneous recovery in the latter sector was stifled by revived nervous offerings and *long-dated stocks* closed 1¼ down at the day's lowest.

Wall Street's Friday record high failed to help early equity sentiment, and dealers lowered blue chip industrials soon *after the opening bell. Selling was* relatively light but quotations reacted further before a rally developed around lunch-time.

The Financial Times Industrial Ordinary *share index closed* 4.2 *down at* 690.2

Glaxo gained 13p to 905p ex-dividend while Bowater, down to 183p ex-dividend at one stage, recovered smartly to close 2p better at 189p following a revival of bid speculation.

Government stocks failed to shake off political uncertainties and with sentiment also affected by suggestions that the mid-April banking statistics, due today, depict a sharp rise in money growth, quotations were vulnerable to nervous offerings.

Mining markets made a quiet start to the week. South African golds gained ground at the outset, boosted by an initial rise in the bullion price to around $435 an ounce.

However, the failure of the metal to hold above this level prompted a flurry of persistent profit-taking, and the majority of stocks eased to close only a fraction above Friday's level. The Gold Mines index dropped 2 at 651.6.

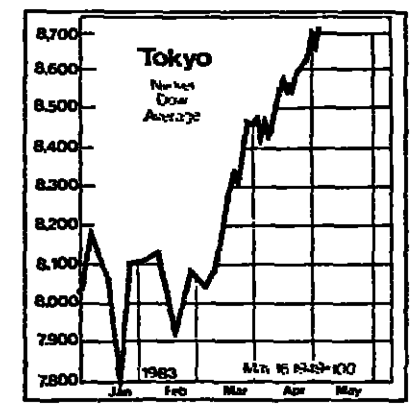
Features in heavyweights were hard to find but Western Deep attracted good *support* and *managed* a £1 rise at £41⅛ while gains in the region of £⅛ were common to Kloof, £33¼, Libanon, £27¼ and Stilfontein, £13⅛.

Elsewhere, British Home Stores firmed 2p to 221p after announcing preliminary results in line with general expectations. Other major retailers, however, drifted easier, while House of Fraser *fell 10½p to 184p* ex-dividend after the shareholders poll against the demerger of Harrods. Secondary stores also traded narrowly and generally without distinction.

Despite the *optimistic tone of* the chairman's AGM statement, TI closed 8p down at 107p. However Belgrave (Blackheath) jumped 14p to 68p on speculative buying before being suspended around lunch-time at the company's request, pending an announcement. The group's annual figures are scheduled for today.

A burst of late buying lifted J. Sainsbury 13p to 398p, and Fitch Lovell firmed 5p to 147p on hopes that Linfood will get approval from the Monopolies Commission to make a fresh bid for the company.

Share information service, Pages 34–35



SOUTH AFRICA

Golds mixed

GOLD shares were narrowly mixed, though with a firmer bias, in quiet trading in **Johannesburg**. Among the heavyweights, Western Deep gained R1.25 to R70.50 while gains among cheaper priced producers ranged up to 25 cents.

Mining financials and other minings were firm, with Anglos 25 cents ahead at R25.75 and Lydenburg Platinum adding 15 cents to R6.85. Among diamonds, De Beers closed 2 cents stronger at R9.70 after peaking at R9.77. Industrials were also quietly firm.

FAR EAST

Tokyo back in record breaking form

TOKYO was back in record breaking form yesterday after last week's lull, but stocks were lower in Hong Kong and Singapore.

In Tokyo, the Nikkei Dow industrial average moved 31.11 ahead to close at a record 8,719.88 and the Tokyo SE index rose 1.63 to 637.70. Trading volume was light, however, with the *high price levels* keeping some investors sidelined.

The market drew its strength from Wall Street's pre-weekend strength and the yen's improvement against the dollar. *Shares in oil companies, whose* imports are priced in dollars, showed particular strength. Nippon Oil rose Y25 to Y930, Toa Nenryo Y29 to Y944 and Showa Oil Y19 to Y404.

Electricals also firmed on foreign buying with Toshiba up Y9 at Y356 and Mitsubishi Electric Y4 at Y381.

Fujitsu moved sharply ahead after announcing a large computer sale to West German and British computer companies but late profit-taking cut back an early gain and it closed up Y3 at Y969.

Non-ferrous metals, *textiles* and pharmaceuticals closed higher but some international populars ended mixed on late profit-taking. Sony rose Y10 to Y3,810 but TDK slipped Y10 to Y4,680.

A very thin level of trading in **Hong Kong** left the Hang Seng index 19.09 lower on the day at 967.62. Prices had fluctuated during the morning but they fell significantly during the afternoon.

Brokers do not report any downward stimulus to the market. They see a Hang Seng value of 950 as *the support level*, and believe that if overseas investors are attracted at that point, the market could rebound strongly.

Shares opened mixed in **Singapore** but profit-taking and late selling pressure left prices lower on balance. The Straits Times industrial index fell 9.42 to 950.99.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12⅞	5⅛	AAR	.44	3.3	20	697	u13⅞	13⅛	13½	+1⅛
37¾	27½	ACF	2.76	7.7	15	346	37⅛	35⅞	35⅞	+¼
20	12¼	AMF	.50	3.1		958	16¾	15⅞	16⅛	
30⅝	13¼	AMR Cp				1016	30¼	29⅞	29⅞	-⅛
18⅞	4	AMR wt				751	16⅞	15¾	16¼	+⅛
18¼	12⅞	AMR	pf2.18	12		48	18	17¾	17¾	-⅛
35	24⅞	AMR	pf2.13	6.2		62	34⅜	34	34⅛	-⅜
7	2½	APL				516	u8⅛	7	8	+1
50¼	25¼	ARA	2.05	4.0	14	334	u51¼	50	50⅞	+⅜
79⅞	24½	ASA	3a	4.0		x1527	74⅞	72	74⅛	+2⅞
32½	13⅞	AVX	.32	1.0	50	364	31½	30⅞	31	-½
47½	27⅞	AbtLab	1	2.2	19	1485	45⅞	45⅜	45½	-⅛
29¾	26½	AccoW	n.12e	.4	22	23	u29⅞	28¾	28⅞	+⅛
22⅛	15⅞	AcmeC	.40	1.8		31	21⅞	21⅛	21¼	
13⅞	5¼	AcmeE	.32b	2.4	44	116	13½	13⅛	13½	
19⅞	4⅞	AdmDg	.04	.2	16	118	18¼	18	18⅛	+¼
17⅞	12½	AdsEx	1.73e	10.		158	17½	17⅛	17¼	+¼
12¼	4⅞	AdmMl	.24	2.0	11	x90	12¼	11⅞	12	
28	12⅝	Advest	s.16	.6	14	126	27½	27⅛	27½	+⅛
46⅞	13	AMD	s		68	2012	45½	44⅝	45¼	-⅝
44⅞	32⅞	AetnLf	2.64	6.3	8	1565	42⅛	41¼	42	+1¼
65	52⅞	AetL	pf3.70e	6.4		200	58¼	58⅛	58¼	-⅛
39⅞	8	Ahmns	.60	1.5		646	39	38	39	
4	2⅞	Aileen				308	3¼	3⅛	3⅛	+⅛
48⅞	23⅞	AirPrd	.80	2.0	13	820	41⅛	40⅝	40⅞	-⅛
25⅞	8⅞	AirbFrt	.60	2.4	26	101	25⅞	25	25⅞	+⅜
3	2	AlMoa	n		5	180	3	2⅞	2⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
27¼	13½	Valero	40	1.6	9	216	25¼	24⅝	24¾	−½
7⅝	4	Valeyln				190	7¼	6½	6⅝	−½
21⅛	12	VanDm	1.12	5.3	16	64	19¼	19⅛	19⅛	−⅝
11	4⅝	Varco				278	6⅛	6	6	
47½	16½	Varian	s.26	.6	25	152	49⅜	45	45¾	+⅞
14	6⅞	Varo	.40	2.8		535	u14½	13⅝	14½	+⅞
30¼	9½	Veeco	.24	.8	32	405	29¼	28¾	29⅛	−⅛
15	4	Vendo			22	73	11⅛	10⅞	11	−⅛
11⅛	8⅝	VestSe	1.24	12.		34	10⅝	10½	10⅝	+⅛
35⅞	17¼	Viacom	.35	1.1	16	244	32¼	31½	31⅞	+⅛
44⅛	25¼	Vicm	pf2	10	5.0	8	43	42	42	−1
15⅝	12	VaEPw	1.60	10.	8	2264	15¾	15½	15⅝	

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration

a–dividend also extra(s) b–annual rate of dividend plus stock dividend. c–liquidating dividend cld–called. d–new yearly low e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting k–dividend declared or paid this year, an accumulative issue with dividends in arrears n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies wd–when distributed wi–when issued ww–with warrants. x–ex-dividend or ex-rights xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

GERMANY

SPAIN

HONG KONG

SWEDEN

SINGAPORE

AUSTRIA

JAPAN

SOUTH AFRICA

BELGIUM/LUXEMBOURG

SWITZERLAND

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (77)

COMMONWEALTH & AFRICAN LOANS (1)
S. Rhod. 2½pc Non Ass.
FOREIGN BONDS (1)
Pet. Mex. 14½pc '06
AMERICANS (10)
Amdahl — Eaton Corp.
Brunswick Corp. — Ford Motor
Caterpillar — Honeywell
Chrysler — Int. Tel. & Tel.
Dana Corp. — Time Inc.
CANADIANS (4)
Brascan — Inco
Can. Pac. Ent. — Talcorp
BANKS (1)
Joseph (Leo.)
BEERS (3)
Forshaws Burtonw'd — Vaux
Scottish & N'castle
BUILDINGS (5)
Baggeridge Brick — Rohan Group
Heywood Williams — Whatlings
Marshalls (Halifax)
CHEMICALS (1)
Novo Inds A.S B
STORES (1)
Currys
ELECTRICALS (1)
ASEA AB
ENGINEERING (4)
Cummins Eng. 3¼pc Cnv. Ln. 78/94 — R.H.P.
Elliott (B.) — Wood (S. W.)
FOODS (1)
Fitch Lovell
INDUSTRIALS (14)
Bespak — Huntleigh
Biddle — Ovenstone Invs.
Chamberlain Phipps — Tilling (T.)
Dover Corp. — Toothill (R. W.)
Ecobric — Trafalgar House
Emhart Corp. — UKO Intnl.
Hestair — Western Board
INSURANCES (3)
Allianz Vers. — Eagle Star
Commercial Union
NEWSPAPERS (2)
Benn Brothers — Websters
PAPER (1)
Ogilvy & Mather
PROPERTY (2)
Dencora — W'minster & Country
SHOES (1)
Newbold & Burton
TEXTILES (3)
Courtaulds — Mackay (Hugh)
Ingram (H.)
TRUSTS (8)
New Court — Do. Sub. Shares
New Throg. (1983) Inc. — W. Coast & Texas
New Tokyo Inv. — Britannia Arrow
Rolinco NV — M. & G. Group
OIL AND GAS (4)
Moonie Oil — Ranger Oil
New Court Nat. — Texaco 4½pc Cnv.
PLANTATIONS (1)
Bertam
MINES (3)
Elandsrand Gold — Rustenburg Plat.
Middle Wit.

NEW LOWS
BRITISH FUNDS (2)
Treas. 2pc I.L. '88 — Do. 2½pc I.L. 2016
BANKS (1)
Alexanders Discount
BUILDINGS (3)
French Kier — Tarmac
H.A.T.
CHEMICALS (1)
Thurgar Bardex
STORES (2)
Bremner — Peters Stores
ELECTRICALS (1)
U.E.I.
FOODS (3)
Assoc. Brit. Foods — Kwik Save
Canvermoor
INDUSTRIALS (8)
Airship Inds. — London Priv. Health
Fothergill & Harvey — Pentlow
Hayters — Stag Furniture
London & Liverpool — Syltone
LEISURE (2)
Horizon — Nimslo Intnl.
NEWSPAPERS (1)
Portsmouth & S'land
SOUTH AFRICANS (1)
Checkers Stores A
TRUSTS (2)
M. & G. Dual Cap. — Triplevest Inv.
OIL AND GAS (1)
Silkolene
MINES (1)
Admiral Mines

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 3	May 13	July 28	Aug 8
May 16	May 27	Aug 11	Aug 22
May 31	June 10	Sept 1	Sept 12

For rate indications see end of Share Information Service

Calls were arranged in Mellins, KCA International, Wheelock Marden, Bowater, ICL, Polly Peck, Scottish and Newcastle, Rockware, GEC, First National Finance, London Brick, Tricentrol, Cons. Gold Mines Australia and Assets Special Situation Trust. Puts were done in Glaxo and Polly Peck, while doubles were taken out in First National Finance and Bowater.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon May 9 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri May 6 Index No.	Thur May 5 Index No.	Wed May 4 Index No.
1	CAPITAL GOODS (206)	466.50	−0.3	8.43	3.71	15.08	468.80	470.63	472.29
2	Building Materials (23)	426.45	−0.9	9.82	4.64	12.61	430.26	433.74	439.78
3	Contracting, Construction (30)	749.80	−0.6	11.09	4.57	10.22	754.46	762.47	776.83
4	Electricals (33)	1762.59	—	6.82	1.98	18.95	1762.24	1771.66	1772.74
5	Engineering, Contractors (10)	487.60	−1.9	14.88	6.21	8.26	497.06	498.17	497.61
6	Mechanical Engineering (64)	218.49	−0.6	11.09	5.29	11.25	219.85	220.32	221.38
8	Metals and Metal Forming (11)	181.70	+0.2	9.04	6.43	12.46	181.37	181.95	182.83
9	Motors (18)	102.15	−0.3	—	5.29	—	102.59	102.60	103.97
10	Other Industrial Materials (17)	456.05	−0.2	7.15	4.92	18.36	456.80	459.98	463.25
21	CONSUMER GROUP (201)	425.57	−0.3	10.06	4.30	12.08	426.72	427.88	429.14
22	Brewers and Distillers (23)	454.05	−0.2	11.20	4.78	10.91	455.17	461.65	465.98
25	Food Manufacturing (21)	332.80	−0.2	13.45	5.75	8.73	333.56	331.92	331.57
26	Food Retailing (14)	864.02	+0.1	7.40	2.83	17.02	862.79	854.70	862.12

FIXED INTEREST

RISES AND FALLS

	Rises	Falls	Same
British Funds	—	82	17
Corpns., Dom. and Foreign Bonds	7	25	48
Industrials	314	325	702
Financial and Props.	83	175	262
Oils	24	20	67
Plantations	2	3	17
Mines	59	23	72
Others	75	45	55

FINANCIAL TIMES STOCK INDICES

	May 9	May 6	May 5	May 4	May 3	April 29	year ago
Government Secs.	81.28	81.68	81.98	82.00	81.73	81.55	69.01
Fixed Interest	83.26	83.67	83.66	83.80	83.64	83.72	69.42
Industrial Ord.	690.2	694.4	695.0	689.8	692.1	695.3	590.5
Gold Mines	651.6	653.6	653.7	663.3	632.0	613.7	228.6
Ord. Div. Yield	4.55	4.52	4.52	4.54	4.58	4.50	5.30
Earnings, Yld.% (full)	8.92	8.87	8.87	9.14	9.10	9.06	11.08
P/E Ratio (net) (*)	13.71	13.78	13.78	13.28	13.34	13.40	11.12
Total bargains	21,041	23,490	24,240	24,183	19,556	23,458	18,835
Equity turnover £m.	—	281.39	243.03	204.87	214.85	258.59	148.9
Equity bargains	—	22,852	19,830	19,303	21,828	21,606	14,191
Shares traded (ml)	—	163.3	158.8	128.8	132.9	170.3	103.4

10 am 685.8. 11 am 684.1. Noon 685.3. 1 pm 689.5. 2 pm 690.2. 3 pm 691.3.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.77.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	699.0 (27/4)	598.4 (12/1)	699.0 (27/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 4	May 5
—Daily Gilt Edged Bargains	166.5	168.6
Equities Bargains	148.1	128.5
Value	568.6	491.2
5-day Avrge: Gilt-Edged Bargains	166.2	162.5
Equities Bargains	138.6	136.5
Value	486.1	485.7

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

NEW YORK

Continued from Page 31

COMMODITIES AND AGRICULTURE

September start for KL rubber futures

BY WONG SULONG IN KUALA LUMPUR

RUBBER FUTURES trading will start on the Kuala Lumpur Commodities Exchange (KLCE) from September 1, Datuk Paul Leong, Malaysia's Primary Industries Minister, announced at the weekend.

The 30-month-old exchange at present handles only palm oil futures, and the Government intends to develop it into a multi-commodity exchange of international standing.

After rubber, tin will be the next commodity to be introduced, probably early next year, to be followed by pepper, cocoa and timber.

Datuk Leong said that to ensure a smooth transition, rubber futures trading would be allowed on the Malaysian Rubber Exchange (MRE) for six months from September 1, 1983 to August 8, 1984, after which all outstanding positions would either be closed or transferred to the KLCE.

After the transitional period, the MRE will exist to handle only physical rubber trading as well as be responsible for the registration and licensing of rubber dealers, packers and shippers.

Like palm oil, rubber futures on the KLCE would be traded on lots of 25 tonnes on the "open cry" system, instead of thet "whispering" system on the MRE.

RSS One, which accounts for 35 per cent of Malaysia's rubber exports, will be the hedging grade, while SMR 20 might be introduced later.

Datuk Leong also expressed satisfaction with the progress of the KLCE where palm oil trading increased from 32,000 lots in 1981 to 56,000 lots in 1982.

Election pushes prices up

BY JOHN EDWARDS, COMMODITIES EDITOR

THE EASIER trend in sterling following the announcement of the UK general election date and reports of further Chinese buying, pushed up aluminium, copper and zinc prices in the London Metal Exchange yesterday.

Three months high-grade copper closed £11.5 up at £1,149.25 a tonne and in later trading moved over the important chart point of £1,150 touching £1,158 at one stage.

The rise came in spite of yet another increase in LME warehouse stocks last week of 1,650 tonnes taking total holdings to a four-year high of 319,150 tonnes.

There is some concern that a shortage of supplies could develop if the Chinese take delivery of forward purchases, for delivery in three months, made in recent weeks.

Aluminium also shrugged off a rise in warehouse stocks of 2,850 to 266,775 tonnes. The three months quotation broke through £900 and closed £24 up on Friday at £919.75 a tonne. There were unconfirmed reports of Chinese buying interest here too.

A fall in zinc stocks—down by 1,000 to 89,425 tonnes—helped boost the market, already encouraged by heavy buying by China and higher price levels in the U.S. as a result of improved demand.

Three months nickel gained £70 to £3,327.5 a tonne, although warehouse stocks rose by 90 to 15,678 tonnes. However, lead values were held back by a further increase in stocks, up by 550 to a record 170,400 tonnes. Tin stocks rose by 460 to 42,660 tonnes and LME silver holdings increased by 20,000 to 34,610,000 ounces.

Sharp fall in coffee prices

By John Edwards

COFFER PRICES fell sharply on the London robusta futures market yesterday. The July position closed £40 down at £1,613.5 a tonne. Traders were at a loss to explain the sudden fall, especially at a time when the market is normally buoyed by the threat of a possible frost in Brazil during the main danger period from June to August.

The spot (May) position remains at a substantial premium to July; it lost only £17.5 to £1,844.5 yesterday. But some traders believe the squeeze on immediately available supplies may not be as severe as expected since roasters are reported to be holding off from buying and even selling some coffee back in order to take advantage of the high prices for nearby supplies.

● STRIKING South Australian shearers voted to return to work as their combs dispute goes to arbitration.

● UGANDAN PRESIDENT Milton Obote has announced increases in prices to be paid to farmers for cocoa, tea, tobacco, coffee and cotton.

● THE PAKISTAN Government approved the release of a new high yielding and scented rice variety called "lateefy" for cultivation from next month in Sind province.

● VOLUME purchases of all lamb in the UK were 11.25 per cent higher in the four weeks ending April 9 than in the same period last year, reflecting the continuing buoyancy of the retail lamb market.

● THE FLUORSPAR market, which has been depressed by the recession and by technical changes resulting in lower unit consumption, is likely to improve markedly by 1985, according to a study by Roskill Information Services.

Surplus stocks squeeze orange growers' profits

Times are tough, but not desperate, for Brazil's citrus farmers. Our correspondent reports

BRAZIL'S orange processors propose to buy only about half the 200m cases of the 1983-84 crop rather than the usual three quarters.

As this year's harvest starts, they have carryover stocks of more than 100,000 tons, a quarter of last year's exports.

On top of this, there was no severe winter frost in Florida—when there is, Brazil's crushers can sell up to a quarter of a million tons of juice to the U.S.—and the next U.S. crop is expected to be about 200m cases, a third higher than last year.

The Government seems determined to keep the price at its present $1,100 (£733.33) a ton. One company which has been selling at less than this price has been penalised by Cacex, the Banco do Brasil's exporting department.

The crushers, who at the end of last season had carryover stock of about 30,000 tons, are anxious to demonstrate that they will not be maintaining stocks large enough to depress prices.

Importers in Europe are said to be reducing stocks and cutting Brazilian offtake, anticipating that the price might fall.

Ways are being sought to dispose of the other 100m cases of fruit at home. Domestic consumption has risen from 31m cases, to nearly 40m in the past year, as a result of publicity campaigns, and direct sales of packs of oranges almost at cost at 400 sites in Sao Paulo. Large-scale production of oranges in Brazil is relatively recent, so projections for internal demand are uncertain.

The home market has so far been of concern only when there is no Florida frost. This year, for the first time, 25-30m cases of oranges are to be distributed to schools by the Government Cobal agency — a move which should improve children's health.

This still leaves about 40m cases to be disposed of. One proposal is that they should be made into animal ration pellets. Last year, residue from crushed oranges earned a healthy $100m on top of the $550m earned from orange juice.

Cattle in Europe are reported to be particularly keen on the orange tasting feed. If this were done, the juice would still have to be removed from fruit crushed in the normal way, but it could be put back later. Lower grade juice could be disposed of in this way.

The main problem is cost. Orange residue pellets sell for only $100 a ton, and to produce them without the contribution from the juice would require a large subsidy.

Sao Paulo state, which produces virtually all the oranges grown for processing, has been lucky that this season's crop will only be of 200m cases, almost exactly the same as last years. Around 7m bushes start producing every year, 7 per cent of the total number in the state. More than half the remainder are between three and 15 years old, so have yet to reach peak production.

This has been a particularly wet season, resulting in late crops, but a dry period from July-October prejudiced the forming fruit and has made the overproduction problem less severe.

Demand in Europe and the U.S. has hardly been affected by the economic downturn, and if there has been little growth, there has been no decline either. Efforts are now being made to find markets in the Middle East and East Europe, and the search is on for commodities or goods which Brazil can exchange for orange juice.

Meetings will begin soon to decide what price growers will be paid, but they can certainly anticipate it being raised less than the last 12 months' inflation.

Times are tough for the industry but there is no real crisis. Because of the U.S. frosts, there have been three good years. Most farmers own their plantations outright, and the massive investments in crushing plants have been amortised. Only those who speculated on the basis of three good years are likely to be harmed.

Pig producers urged to improve carcass quality

BY RICHARD MOONEY, COMMODITIES STAFF

BRITAIN'S PIG producers will be encouraged to produce higher quality carcasses under the terms of the 1983-84 contract agreed between the National Farmers' Union and FMC-Harris, the country's biggest bacon curer.

The guaranteed premium for top quality pigs goes up from 1p to 2p a kilo above the average all pigs price (AAPP) with extra quality bonus of 1p a kilo being introduced from October 2. Prices paid for second and third grade pigs are reduced by 2p and 1p a kilo respectively and by another 1p a kilo each from October 2.

At the same time quality standards are being tightened across the board.

"The main changes in the contract have been aimed at improving still further the quality of British bacon to ensure it continues to increase its share of the British market," the NFU said.

According to FMC, 4,331 tonnes more British bacon was sold in the first quarter of this year than in the same period of 1982. Its market share went up by 5.6 per cent to 37 per cent while the Danes' share was 6.1 per cent down at 39.4 per cent.

The NFU noted that discussions about the contract had taken place against a background of extremely low pig prices and high production costs which was likely to lead to a reduction in production during 1983-84.

● WET WEATHER continues to delay British beet sugar sowings and only 87 per cent of the planned 203,000 hectares has been sown.

Coca-Cola may use more corn syrup

ZURICH—Coca-Cola may increase its use of High Fructose Corn Syrup (HFCS) further in the future, said chairman Mr Roberto Goizueta.

No adverse consumer reaction has been observed since the HFCS content was raised to 50 per cent for bottled and canned coke in 1980 and to 75 per cent for fountain-dispensed coke in 1982, he said.

Mr Goizueta said the cost savings of using HFCS were considerable, Reuter reports.

Our Commodities Staff writes: The London daily price for raw sugar was marked up yesterday by £6 to £135 a tonne—its highest level since April last year. Futures also moved up strongly in early trading on reports of Soviet buying interest and delays in EEC beet plantings.

Slight fall in world cotton production estimated

WASHINGTON — The International Cotton Advisory Committee (Icac) estimated world cotton production at 66.93m bales (478 lbs net) in 1983-84, down from 67.69m the previous year.

Its monthly report said global cotton area is expected to decline to 79m acres from the present season's level of around 79.6m acres.

Icac said U.S. cotton plantings this year are estimated at 8.7m acres, against 11.5m last year. Average U.S. cotton yields are also likely to be off from the 1982-83 season, with production this year expected at 9.2m bales, 2.8m less than in 1982-83.

Elsewhere, cotton area is expected to expand by about 545,000 acres, with cotton's attractiveness enhanced in many countries because of a recent improvement in prices, it said.

Icac said cotton production in many countries will benefit from such measures as the provision of improved seeds, help with plant protection, subsidies on inputs, expanded credit and extension assistance.

Consequently, it forecast cotton production outside the U.S. in 1983-84 at 57.75m bales, an increase of about 2m bales.

The sharpest gains in plantings and production are expected in Mexico, Colombia and Greece.

In Australia, improved water suplies will help 1983/84 plantings and yields are expected to increase, Icac said.

"Cotton area should go up in the Middle East in total because of increase plantings in Israel and Turkey."

Cotton plantings are expected to be maintained at close to the 1982/83 levels in China, the Soviet Union and Pakistan, Icac said, adding that efforts continue in these countries to raise productivity.

Reuter

PRICE CHANGES

In tonnes unless stated otherwise

	May 5 1983	+ or —	Month ago
Metals			
Aluminium	£880		£880
Free Mkt.	$1370/400		$1345/375

	May 5 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$640z		$587.5
Groundnut	$530y	+7.5	$505

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.75-28.90	—0.05
Iranian Light	28.00	—
Arabian Heavy	26.10-26.20	—0.02
North Sea (Forties)	29.30-29.50	—0.07
North Sea (Brent)	29.50	—0.05
African(Bonny Li'ht	29.70-29.90	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	302-305	—4.0
Gas oil	239-244	—0.5
Heavy fuel oil	165-167	—

GAS OIL FUTURES

Quickly lower in line with New York, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	238.50	—3.50	240.50-39.50
June	234.50	—4.75	238.25-34.00
July	233.25	—4.00	238.50-33.25
Aug	234.50	—4.00	238.00-34.50
Sept.	236.00	—4.75	240.25-36.00
Oct	238.50	—5.00	242.75-38.50
Nov	241.00	—5.00	245.50-43.50
Dec	243.75	—5.25	248.25-45.00
Jan	246.50	—4.00	—

Turnover: 2,709 (2,197) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2¼ an ounce from Friday's close in the London bullion market yesterday to finish at $434-435. The metal opened at $435¾-436¼ and traded between a high of $436-436½ and also of $433¾-434. Trading was rather dull with little in the way of fresh news to stimulate much movement.

In Frankfurt the 12½-kilo bar was fixed at DM 34,190 per kilo ($436.99 per ounce) against DM 33,980 ($433.00) and closed at $433¾-434¾ from $431-432.

In Paris the 12½ kilo bar was fixed at FFr 103,300 per kilo ($437.61 per ounce) in the afternoon compared with FFr 103,100 ($436.73) in the morning and FFr 102,600 ($433.14) on Friday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $435.75 compared with $431.50.

In Zurich gold closed at $433-436 from $430-433.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
May	433.00-36.0	+2.500	—
June	436.10-36.2	+1.950	438.00-35.8
July	439.00-40.0	+1.750	—
August	442.50-43.8	+2.000	444.50-42.8
Sept	445.00-46.5	+1.650	—
Oct	448.50-50.8	+1.850	—
Nov	451.00-55.5	+1.600	—

Turnover: 214 (356) lots of 100 tonnes.

	May 9		May 6	
Gold Bullion (fine ounce)				
Close	$434-435	(£276¼-277)	$431½-432½	(£273½-274¼)
Opening	$435¾-436½	(£275½-276)	$430¾-431¼	(£272¾-273½)

Gold Coins					
Krugrnd	$447½-448½	(£285½-286¼)	King Sov	$104½-106	(£66½-67¼)
½ Krg	$230½-231½	(£147-147¾)	Victoria Sov	$104½-106	(£66½-67¼)
¼ Krg	$117½-118½	(£75-75¾)	French 20s	$89¼-91¼	(£57-58¼)
1/10 Krug	$47¾-48¼	(£30½-31)	50 pesos Mex	$558¼-567¼	(£341¾-345)
Mapleleaf	$446½-447½	(£285-285½)	100 Cor. Aust	$424-428	(£270¼-273¼)
New Sov	$102-102¾	(£65-65½)	$20 Eagles	$560-570	(£357¼-363¼)
½ New Sov	$60½-62½	(£38¾-39¾)			

EUROPEAN MARKETS

ROTTERDAM, May 9.

Wheat — (U.S. $ per tonne): U.S. Two Red Winter May 164, June 160, July 159, Aug 160, Sept 162. U.S. Two Northern Spring 14 per cent protein May 181, June 182.50, July 180.50, Aug 179, Sept 178, Oct 181, Nov 182. U.S. Three Amber Durum May 205, June 198, July 196, Aug 193, Sept 191, Oct 192, Nov 194.

Maize—(U.S. $ per tonne): U.S. Three Yellow May 150, June 147, July/Sept 145.25, Oct/Dec 138.50, Jan/March 144.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulf ports May 252.75, June 253.50, July 255, Aug 257, Sept 259.80, Oct 261, Nov 261, Dec 264, Jan 268.25, Feb 272, March 274.75 sellers. Paraguayan May 250.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 221, May 218, June 217.50, July 218, Aug 219, June/Sept 217, Oct 228, Oct/Dec 231.50, Nov/March 236.50 sellers. Pellets Brazil afloat 224, May 219.50, June 220.50, July 223, June/Sept 224 sellers. Pellets Argentine afloat 222, May 220, June 218, July 220, June/Sept 221 sellers.

Sugar—(FFr per tonne): July 1878/1900, Aug 1905/1908, Oct 1967/1973, Nov 1970/1980, Dec 2047/2055, March 218/02191, May 2240/2260, July 2270/2295.

PARIS May 9.

Cocoa—(FFr per 100 kg): May 1440/1460, July 1465/1500, Sept 1550/1560, Dec 1545/1555, March 1610 asked, May 1640 asked, July 1665 asked.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES surged ahead on the London Metal Exchange, led by Copper which rose to £1,158 in unofficial trading following heavy influential buying and the downturn in sterling. Zinc moved up strongly, reflecting the stocks decline, and the prospect of a strike at Cominco's Trail plant. Rumoured Chinese buying boosted Aluminium while currency considerations lifted Nickel and Lead.

COPPER

Nickel—Morning: Three months £3340, 35, 20, 30, 35, 30, 20, 15. Kerb: Three months £3320, 15. Afternoon: Three months £3330, 20, 22, 25, 35, 30, 25, 30. Kerb: Three months £3335, 40, 35, 30, 25, 35. Turnover: 1,842 tonnes.

SILVER

LME—Turnover 180 (103) lots of 10,000 oz. Morning: three months 817.0, 18.0, 19.0, 19.5, 18.5. Kerb: three months 819, 18.5. Afternoon: three months 818.0, 19.0, 19.5, 20.0, 24.0, 25.0, 26.5, 25.0. Kerb: three months 825.0, 24.0, 23.0, 24.0.

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

COCOA

COFFEE

GRAINS

POTATOES

Another wet weekend brought further strong buying into the market which traded at limit-up (£15) on the opening. Trade continued strong in very heavy volume, reports Coley and Harper.

SOYABEAN MEAL

RUBBER

SUGAR

COTTON

WOOL FUTURES

JUTE

TEA AUCTIONS

INDICES

MEAT/FISH

AMERICAN MARKETS

NEW YORK, May 9

Gold and silver recovered after early selling based on weak financials as fresh speculative buying emerged on concern over the potential build-up of tension between Syria and Israel. Copper was steady as arbitrage selling offset buying associated with strength to the precious metals. Heating oil declined the daily limit on the lack of offtake in the crude market. Dealer selling pressured coffee values while cocoa declined on reports of favourable growing conditions in Brazil and arbitrage selling. Sugar remained firm on reports of continued delays to plantings in European beet areas. Cotton rallied on short-covering ahead of the planting intentions report due today. Grain and particularly soyabeans were under heavy speculative selling pressure due to forecasts for clear weather in maize and soyabean growing areas; in addition, a private forecaster's estimate of soyabean acreage at 67.6m acres was a bearish figure, reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1802	1810	1805	1866
July	1822	1890	1820	1886
Sept	1851	1914	1850	1910
Dec	1881	1940	1876	1940
March	1904	1950	1895	1963

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	9.03	9.06	8.67	8.81
Sept	9.33	9.35	9.04	9.11
Oct	9.59	9.60	9.25	9.38
March	10.43	10.47	10.12	10.22
May	10.71	10.71	10.45	10.51
July	11.00	11.00	10.70	10.75

CHICAGO

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh 50c	250	..	Q70c	ϕ	21.5
21	16	Wankie Col Z$1	21		Q5c	ϕ	14.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	♥Anglo-Dominion	72	+17	—	—	—
90	54	♥Anglo Utd. Dev.	80	...	—	—	—
135	60	♥Colby Res Corp.	95	+5	—	—	—
485	315	Cons. Murch 10c.	490	...	‡Q60c	1.9	‡
5½	3	‡‡Explaura Gold.	3	...	—	—	—
155	103	♥Highwood Res...	125	–5	—	—	—
£21¼	£18	Homestake Mining $1	£20⅛	–⅛	Q40c	—	1.3
495	360	Northgate C$1 ...	390	–20	—	—	—
614	455	R.T.Z. ...	557xd	–1	16.0	1.9	4.1
£130	£108	Do 9¼%Cv.Ln 95-2000	£118xd	–3¼	Q9½%	21.4	f8.2
95	13	♥Sabina Inds C$1	95#	.....	—	—	—
17½	12½	♣Southwest Res 10p.	16	...	—	—	—
575	312	♥Tara Expln $1 ..	545	+8	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed, dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

			IRISH		
			Exch 15pc 1983..	£100	
Albany Inv. 20p	54	..	Nat. 9¾% 84/89..	£87¾	..
Bog'wtr Est 50p..	260	..	Fin. 13% 97/02..	£96¼	..
Craig & Rose £1..	£12	..	Alliance Gas.	103	..
Finlay Pkg 5p..	36	..	Arnott	200	..
Graig Ship. £1..	£21	....	Carroll (P.J.)..	108	..
Higsons Brew	107	..	Concrete Prods....	55	..
Holt (Jos) 25p ...	920	..	Heiton (Hldgs.)....	16	+1
I.O.M. Stm. £1....	100	..	Irish Ropes	31	..
Pearce (C. H.) ..	£14	....	Jacob......	72	..
Peel Hldgs	200	..	T.M.G..........	75	..
			Unidare	73	.....

OPTIONS

3-month Call Rates

Industrials		House of Fraser..	27	Utd. Drapery	24
Allied-Lyons	15	I.C.I.	35	Vickers..........	12
BOC Grp	20	"Imps".......	11	Woolworth Hld...	27
B.S.R.	12	I.C.L.	8½		
Babcock	16	Ladbroke........	20	**Property**	
Barclays Bank ...	35	Legal & Gen.	38	Brit. Land.........	8½
Beecham	35	Lex Service	30	Cap. Counties	15
Blue Circle	44	Lloyds Bank.....	45	Land Sec.	38
Boots	22	"Lofs"	3½	MEPC............	22
Bowaters	19	London Brick...	15	Peachey	16
Brit Aerospace ..	20	Lucas Inds.......	15	Samuel Props. ...	10
B.A.T.	65	"Mams"	12	Town & City	3
Brown (J.).......	5	Mrks. & Spncr ...	20		
Burton Ord.	35	Midland Bank ..	35	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum ..	32
Courtaulds......	8½	Nat. West. Bank.	50	Burmah Oil	18
Debenhams......	12	P & O Dfd.	14	Charterhall.......	5
Distillers	22	Plessey..........	50	KCA............	8
Dunlop	6	Racal Elect......	45	Premier	4
Eagle Star	35	R.H.M.	6	Shell	45
F.N.F.C.	4½	Rank Org. Ord. ...	17	Tricentrol	19
Gen. Accident	40	Reed Intnl.	28	Ultramar	48
Gen. Electric	22	Sears	9		
Glaxo	90	T.I.	26	**Mines**	
Grand Met.......	32	Tesco	14	Charter Cons.	28
G.U.S. 'A'......	55	Thorn EMI	50	Cons. Gold	50
Guardian	42	Trusthouse	20	Lonrho	8½
G.K.N..........	16	Turner & Newall.	4½	Rio T. Zinc	55
Hawker Sidd ...	34	Unilever........	80		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling weakens on election news

Sterling opened at its highest level of the day against the dollar, but soon eased against all currencies as nervousness increased about the political situation in the UK. In the afternoon the pound fell to a low on news of a June 9 general election, and finished rather weak and vulnerable.

The dollar also lost ground against most major curencies, despite the unexpected rise of $1.4bn in M1 money supply announced Friday. Hopes remained alive of a cut in the Federal Reserve discount rate before next month's Williamsburg Summit.

The Japanese yen was very strong, and the French franc also showed signs of renewed stability after a period of weakness.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5421. Trade-weighted index 84.2, against 84.5 at noon, 84.6 at the opening, 84.7 at the previous close, and 91.7 six months ago. Sterling has benefited from hopes that oil prices will remain stable, following the latest Opec settlement, the possibility of a Conservative win in the June general election and an expected period of stability in domestic interest rates.

Sterling opened at $1.5830-1.5840, the highest point of the day, and fell to a low of $1.5640-1.5650, before closing at $1.5665-1.5675, a fall of 1.10 cents on the day.

The pound also fell to DM 3.8175 from DM 3.8550 against the D-mark; to FFr 11.£J from FFr 11.6150 against the French franc; to SwFr 3.1950 from SwFr 3.2425 in terms of the Swisf ranc; and to Y364.75 from Y370.75 against the Japanese yen.

DOLLAR — Trade-weighted index (Bank of England) 121.7 against 126.2 six months ago. The dollar has been firm during a period of uncertainty about oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar fell to DM 2.4350 from DM 2.4415; to FFr 7.34 from FFr 7.36; to SwFr 2.0375 from SwFr 2.0530; and to Y232.65 from Y234.75.

D-MARK — Trading range against the dollar in 1983 is 2.4950 to 2.3320. April average 2.4413. Trade-weighted index 130.0 against 125.6 six months ago. The D-mark remained weak against its EMS partners for slightly over a month after the realignment of the system in late March, but with economic fundamentals continuing to favour the German currency, it is showing signs of renewed strength which may well pose further problems for the EMS later this year.

The D-mark was a little firmer at yesterday's fixing in Frankfurt. The dollar fell to DM 2.4346 from DM 2.4440 on hopes of lower U.S. interest rates while sterling slipped to DM 3.8450 from DM 3.8440 on uncertainty ahead of next month's general election. Trading was rather quiet within the EMS with the French franc slightly down at DM 33.16 per FFr 100 from DM 33.185 and the Belgian franc lower at DM 5.0030 per BFr 100 compared with DM 5.0050.

JAPANESE YEN — Trading range against the dollar in 1983 is 242.25 to 226.80. April average 237.52. Trade weighted index 148.5 against 128.0 six months ago. The yen's weaker performance against the dollar has discouraged the authorities from making a long awaited discount rate cut. A reduction has been called for to stimulate the economy but may have to wait for lower U.S. interest rates.

The yen was firmer against the dollar in Tokyo yesterday as the U.S. unit eased on renewed hopes of a discount rate cut. Euro-dollar rates were also lower despite last Friday's rise in U.S. money supply. The dollar closed at Y233.10, down from Y234.0 at the opening and Y235.45 on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3682	45.2321	+1.95	+0.75	±1.5430
Danish Krone ...	8.04412	8.06554	+0.27	−0.93	±1.6419
German D-Mark	2.21515	2.26161	+2.10	+0.90	±1.0567
French Franc ...	6.79271	6.81875	+0.38	−0.82	±1.4018
Dutch Guilder ...	2.49587	2.54564	+1.99	+0.79	±1.4941
Irish Punt	0.71705	0.716567	−0.07	−1.27	±1.6696
Italian Lira	1386.78	1349.29	−2.70	−2.70	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 9	£	$		£ Note Rates
Argentina Peso...	119,424-119,824	75,960-76,010	Austria...	26.95-27.25
Australia Dollar..	1.7950-1.7970	1.1446-1.1455	Belgium...	76.95-77.70
Brazil Cruzeiro...	726.54-730.54	462.00-464.31	Denmark...	13.65-13.78
Finland Markka..	8.4645-8.4775	5.3990-5.4010	France...	11.54-11.64
Greek Drachma..	130.509-133.821	83.75-84.05	Germany...	3.83-3.87
Hong Kong Dollar	10.844-10.854	6.8950-6.9000	Italy...	2270-2295
Iran Rial...	134.00*	85.00*	Japan...	368-372
Kuwait Dinar (KD)	0.458-0.459	0.29045-0.29055	Netherlands...	4.31¼-4.35¼
Luxembourg Fr..	76.25-76.35	48.68-48.70	Norway...	11.11-11.21
Malaysia Dollar..	3.6050-3.6150	2.2935-2.2955	Portugal...	150-170
New Zealand Dlr.	2.3650-2.3680	1.5070-1.5090	Spain...	205-220
Saudi Arab. Riyal	5.4420-5.4520	3.4500-3.4515	Sweden...	11.75-11.85
Singapore Dollar	3.2750-3.2850	2.0845-2.0865	Switzerland...	3.21-3.24
Sth. African Rand	1.6995-1.7005	1.0845-1.0855	United States...	1.57¼-1.59¼
U.A.E. Dirham...	5.7925-5.8025	3.6720-3.6735	Yugoslavia...	124-140

* Selling rates.

CURRENCY MOVEMENTS

May 9	Bank of England Index	Morgan Guaranty Change %
Sterling...	84.2	−36.9
U.S. dollar...	121.7	+11.2
Canadian dollar...	90.9	−17.1
Austrian schilling.	121.1	+30.3
Belgian franc...	94.0	−1.9
Danish kroner...	83.9	−10.4
Deutsche mark...	130.0	+57.8
Swiss franc...	151.8	+106.0
Guilder...	118.2	+26.2
French franc...	70.1	−23.4
Lira...	52.0	−59.3
Yen...	148.5	+42.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling ...	—	0.688778	0.587665
U.S. $ ...	8½	1.08766	0.929745
Canadian$...	9.37	*	1.13977
Austria Sch	5¾	18.6467	15.9356
Belgian F ...	9½	52.9359	45.2321
Danish Kr ...	7½	9.43428	8.06554
D mark ...	4	2.64799	2.26161
Guilder ...	4½	2.98016	2.54564
French F...	9½	7.98553	6.81875
Lira ...	17	N/A	1349.29
Yen ...	5½	253.640	216.584
Norwgn Kr...	9	7.68262	6.56307
Spanish Pta	—	148.383	126.864
Swedish Kr	8½	8.10952	6.93683
Swiss Fr ...	4	2.22096	1.89715
Greek Dr'ch	20½	N/A	77.9591

* C$/SDR rate for May 5: 1.32888.

THE POUND SPOT AND FORWARD

May 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5640-1.5840	1.5665-1.5675	0.21-0.16c pm	1.42	0.48-0.43 pm	1.16
Canada	1.9190-1.9420	1.9210-1.9220	0.20-0.10c pm	0.94	0.45-0.35 pm	0.83
Nethlnd.	4.29-4.35	4.29¾-4.30¾	2-1½c pm	4.88	5-4½ pm	4.42
Belgium	76.15-77.16	76.25-76.35	5c pm-5c dis	—	5 pm-5 dis	—
Denmark	13.58½-13.72½	13.59-13.60	½-1¼ore dis	−0.99	4½-5¼ dis	−1.51
Ireland	1.2075-1.2220	1.2085-1.2095	0.45-0.58p dis	−5.11	1.39-1.59ds	−4.93
W. Ger.	3.81-3.86	3.81½-3.82½	2-1½pf pm	5.50	5-4½ pm	4.98
Portugal	152½-156	152½-154½	610-1880c dis	−97.17	1215-2800d	−52.23
Spain	213.50-216.30	213.55-213.75	190-260c dis	−12.64	565-655dis	−11.42
Italy	2273-2298	2274-2276	8-11lire dis	−5.01	32½-36½dis	−6.07
Norway	11.06-11.18	11.06-11.07	3¾-4¾ore dis	−4.07	10¼-11¼dis	−3.89
France	11.49-11.63	11.49½-11.50½	2½-3½c dis	−3.13	12¼-13¾dis	−4.43
Sweden	11.69-11.81	11.69½-11.70½	¾-1¾ore dis	−1.28	2½-2⅞ dis	−0.85
Japan	364-369	364¾-365¾	1.45-1.25y pm	4.44	3.55-3.35 pm	3.78
Austria	26.80-27.20	26.83-26.88	13½-12gro pm	5.67	35½-30½ pm	4.91
Switz.	3.18½-3.24	3.19-3.20	2-1½c pm	6.57	4⅞-4⅜ pm	5.79

Belgian rate is for convertible francs. Financial franc 76.60-76.70. Six-month forward dollar 0.77-0.72c pm. 12-month 1.20-1.10c pm.

THE DOLLAR SPOT AND FORWARD

May 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5640-1.5840	1.5665-1.5675	0.21-0.16c pm	1.42	0.48-0.43 pm	1.16
Ireland†	1.2955-1.2975	1.2960-1.2970	0.80-0.70c pm	6.94	2.00-1.80 pm	5.86
Canada	1.2255-1.2270	1.2260-1.2265	0.05-0.08c dis	−0.63	0.11-0.14dis	−0.41
Nethlnd.	2.7380-2.7450	2.7430-2.7450	0.85-0.75c pm	3.50	2.30-2.20 pm	3.28
Belgium	48.60-48.70	48.68-48.70	4½-5½c dis	−1.23	13½-15½dis	−1.19
Denmark	8.6700-8.6850	8.6750-8.6850	1-2ore dis	−2.07	4.40-5.40dis	−2.26
W. Ger.	2.4290-2.4385	2.4345-2.4355	0.92-0.87pf pm	4.41	2.36-2.31 pm	3.83
Portugal	97.00-99.00	97.65-98.65	400-1200c dis	−97.71	800-1800dis	−52.93
Spain	136.20-136.60	136.30-136.40	140-190c dis	−14.52	420-500dis	−13.49
Italy	1450-1452½	1451½-1452½	8¼-9¼lire dis	−7.23	26½-28 dis	−7.51
Norway	7.0530-7.0725	7.0625-7.0725	2½-3½ore dis	−5.09	8⅞-9¾ dis	−4.95
France	7.3350-7.3475	7.3375-7.3425	2¾-3c dis	−4.70	10¾-11½dis	−6.06
Sweden	7.4580-7.4725	7.4675-7.4725	1.30-1.80ore dis	−2.48	3.60-4.10dis	−2.06
Japan	232.25-233.50	232.60-232.70	0.58-0.53y pm	2.86	1.55-1.47 pm	2.60
Austria	17.12-17.14	17.12½-17.13½	6.60-5.90gro pm	4.34	17-14.50 pm	3.68
Switz.	2.0355-2.0440	2.0370-2.0380	0.85-0.80c pm	4.86	2.35-2.30 pm	4.56

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financiall franc 48.88-48.98.

EXCHANGE CROSS RATES

May. 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.567	3.818	364.8	11.50	3.195	4.303	2275.	1.922	76.30
U.S. Dollar	0.638	1.	2.436	232.8	7.339	2.039	2.746	1452.	1.226	48.69
Deutschmark	0.262	0.410	1.	95.55	3.012	0.837	1.127	595.9	0.503	19.99
Japanese Yen 1.000	2.742	4.296	10.47	1000.	31.53	8.759	11.80	6237.	5.268	209.2
French Franc 10	0.870	1.363	3.320	317.2	10.	2.778	3.741	1978.	1.671	66.35
Swiss Franc	0.313	0.490	1.195	114.2	3.599	1.	1.347	712.1	0.601	23.88
Dutch Guilder	0.232	0.364	0.887	84.78	2.673	0.743	1.	528.8	0.447	17.73
Italian Lira 1.000	0.440	0.689	1.678	160.3	5.055	1.404	1.891	1000.	0.845	33.54
Canadian Dollar	0.520	0.816	1.987	189.8	5.985	1.663	2.239	1184.	1.	39.71
Belgian Franc 100	1.311	2.054	5.003	478.0	15.07	4.187	5.639	2982.	2.518	100.

FINANCIAL FUTURES

Gilts weaker

Gilt prices fell steadily in the London International Financial Futures Exchange yesterday. News of a June 9 general election prompted very little follow through and values were marked down accordingly. Market attention remained focussed on today's announcement of the latest UK money supply figures which are expected to show a considerable rise. This in turn could affect attitudes on the likelihood of a cut in clearing bank base rates before next month's election. The June price opened at 105-26 down from Friday's close of 105-29 and fell to a low of 104-21 before finishing at 104-23.

The June short sterling contract opened higher at 90.37 compared with 90.34 and showed a slightly firmer response to the election announcement before falling back to close at 90.32.

Once again sentiment was influenced by today's money supply figures and also a weaker pound. Activity in the pound ensured a record 1,353 lots traded in the currency pit. The pound's weaker tendency was attributed to a cautionary unwinding of longer positions ahead of the election.

Euro-dollar prices showed little overall change. The June price opened at 91.37, its best level of the day and touched a low of 91.32 before finishing at 91.34 compared with 91.33 on Friday. Dealers noted a rise on Friday in U.S. M1 money supply figures although hopes of a fall in M2 and M3 later this week were seen as a better indication of monetary trends. The market is still looking for a cut in the U.S. discount rate, probably before the Williamsburg Summit at the end of the month.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	91.34	91.37	91.32	91.33
Sept	91.20	91.23	91.17	91.22
Dec	90.96	90.98	90.94	90.95
March	90.74	90.75	90.74	90.74
June	90.50	—	—	90.50

Volume 1,308 (869)
Previous day's open int. 4,094 (3,837)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
June	90.32	90.38	90.31	90.34
Sept	90.57	90.63	90.55	90.58
Dec	90.53	90.55	90.53	90.56
March	90.33	90.34	90.33	90.32
June	90.11	90.12	90.11	90.12

Volume 738 (464)
Previous day's open int. 3,672 (3,674)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	104-23	105-26	104-21	105-29
Sept	104-12	105-10	104-12	105-16
Dec	106-08	106-25	106-08	107-15
March	105-30	—	—	107-09
June	105-24	—	—	106-22

Volume 2,212 (1,347)
Previous day's open int. 2,870 (2,861)
Basis quote (clean cash price of 15½% Treasury 1996 less equivalent price of near futures contract) 4 to 12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5763	1.5825	1.5760	1.5763
Sept	1.5725	1.5768	1.5725	1.5725
Dec	1.5707	1.5755	1.5707	1.5700

Volume 1,274 (633)
Previous day's open int. 1,892 (1,879)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.4122	0.4125	0.4120	0.4108
Sept	0.4163	0.4165	0.4160	0.4148
Dec	—	—	—	—

Volume 148 (37)
Previous day's open int. 386 (386)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4921	0.4922	0.4914	0.4891
Sept	0.4977	0.4977	0.4977	0.4954
Dec	—	—	—	—

Volume 101 (20)
Previous day's open int. 454 (469)

JAPANESE YEN
Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4301	0.4304	0.4296	0.4265
Sept	0.4329	0.4329	0.4325	0.4294
Dec	—	—	—	—

Volume 337 (98)
Previous day's open int. 504 (541)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	78-26	79-11	78-21	79-19
Sept	78-09	78-24	78-04	79-00
Dec	77-24	78-08	77-22	78-16
March	77-08	77-23	77-09	78-01
June	77-00	77-10	77-00	77-20
Sept	76-21	77-00	76-21	77-09
Dec	76-10	76-22	76-10	76-31
March	—	—	—	76-22
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.93	92.05	91.91	92.10
Sept	91.80	91.95	91.78	92.00
Dec	91.59	91.73	91.59	91.78
March	91.41	91.55	91.41	91.61
June	91.24	91.35	91.24	91.42
Sept	—	—	91.09	91.24
Dec	91.00	91.00	90.94	91.06
March	—	—	90.79	90.89

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.60	91.68	91.58	91.73
Sept	91.38	91.48	91.38	91.55
Dec	91.10	91.22	91.10	91.26

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
May	—	—	—	—
June	91.05	91.11	91.03	91.16
Sept	90.88	90.98	90.87	91.03
Dec	90.64	90.73	90.62	90.78
Feb	—	—	—	—
March	90.43	90.50	90.40	90.57

STERLING (IMM) Se per £

	Latest	High	Low	Prev
May	—	—	—	—
June	15655	15805	15635	15820
Sept	15625	15760	15600	15780
Dec	15610	15750	15590	15755
March	—	—	15600	15740
June	—	—	—	—
Sept	—	—	—	—

GNMA (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	72-07	72-17	72-02	72-25
Sept	72-15	71-24	71-10	72-00
Dec	70-22	70-30	70-20	71-08
March	70-04	70-10	70-00	70-18
June	69-18	69-26	69-16	70-02
Sept	69-04	69-11	69-01	69-20
Dec	68-21	68-30	68-21	69-07
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

MONEY MARKETS

London rates little changed

Interest rates were little changed on the London money market yesterday, although pressure eased on very short term rates when the Bank of England forecast a shortage of only £350m, compared with £900m on Friday. The estimated shortage was later revised to £400m, but the Bank of England provided help of only £222m, through outright purchases of bills.

Although interest rates showed little reaction to the announcement of a general election on June 9 discount houses were reluctant to part with their *bills on hopes of a win by the* Conservatives.

Bills maturing in official hands and the take-up of Friday's Treasury bill tender absorbed £482m, while Exchequer transactions absorbed another £130m. On the other hand a fall in the note circulation added £280m to market liquidity.

Before lunch the authorities bought £66m bills through outright purchases of £3m bank bills in band 1 (up to 14 days maturity) at 10$\frac{1}{16}$ per cent; and £63m bank bills in band 2 (15-33 days) at 10 per cent.

In the afternoon the forecast shortage was increased, but only another £156m of help was provided as the discount houses reviewed their position and considered the implications of an early election. Some market observers hoped that there may be another cut in clearing bank base rates, particularly if sterling gains ground and the U.S. Federal Reserve cuts its discount rate before the Williamsburg Summit.

But others felt that the clearers may prefer to stay neutral during a politically sensitive period.

After lunch the Bank of England purchased £20m Treasury bills in band 1 at 10$\frac{1}{16}$ per cent; £8m bank bills in band 1 at 10$\frac{1}{16}$ per cent; £5m Treasury bills in band 2 at 10 per cent; £113m bank bills in band 2 at 10 per cent; and £10m bank bills in band 3 (34-63 days) at 9$\frac{15}{16}$ per cent.

In the interbank market overnight loans opened at 10¾-10½ per cent, and eased to 10¼ per cent, before rising to a peak of 11½ per cent when it became clear that the authorities had not given enough help to take out the underlying shortage.

LONDON MONEY RATES

May 9 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight...	—	10¼-11½	10¼	—	—	10⅝	10-10¼	—	—	—
2 days notice	—	—	10¼	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10$\frac{3}{16}$-10½	10¼	—	—	10½-10⅝	10-10½	—	—	—
One month...	10$\frac{5}{16}$-10¼	10¼-10⅜	10¼	10⅞-10½	10¼	10½-10⅝	10-10½	10	10$\frac{1}{16}$	10⅝
Two months ...	10$\frac{1}{16}$-10$\frac{1}{16}$	10⅛-10¼	10	10¾-10⅜	10¼	10½	9⅞-9$\frac{15}{16}$	9⅞	9⅞	10½
Three months.	10⅛-10	10-10⅛	10	10⅝-10¼	10⅛	10⅜	9¾	9¾	9¾	10$\frac{1}{16}$
Six months...	9⅞-9¾	9⅞-10$\frac{1}{16}$	9⅞	10¼-10	10⅛	—	—	—	9$\frac{13}{16}$	10$\frac{1}{16}$
Nine months...	9⅞-9¾	9$\frac{15}{16}$-10⅛	9⅞	10⅜-10	10⅛	—	—	—	—	—
One year...	9$\frac{13}{16}$-9$\frac{11}{16}$	10-10$\frac{1}{16}$	9⅞	10¼-9⅞	10⅛	—	—	—	—	—
Two years...	—	—	10⅝	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period April 6 to May 3 1983 (inclusive) 10.304 per cent.

Local authorities and finance houses seven days' notice, other seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 11 per cent; five years 11¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 9¾-9$\frac{23}{32}$ per cent; four months trade bills 10¼ per cent.

Approximate selling rate for one month Treasury bills 9$\frac{29}{32}$-9$\frac{13}{16}$ per cent; two months 9¾-9$\frac{11}{16}$ per cent; three months 9$\frac{7}{16}$-9⅝ per cent. Approximate selling rate for one month bank bills 9$\frac{15}{16}$ per cent; two months 9$\frac{27}{32}$ per cent and three months 9$\frac{11}{16}$ per cent; trade bills one month 10⅝ per cent; two months 10⅜ per cent and three months 10$\frac{5}{16}$ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from May 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¾ per cent.

Treasury Bills: Average tender rates of discount 9.5351 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 10½ per cent; one-three months 10⅜ per cent; three-six months 10⅜ per cent; six-12 months 10⅜ per cent. Under £100,000 10 per cent from April 8. Deposits held under Series 3-5 10⅜ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

May 9	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling...	10⅜-10½	10⅜-10½	10¼-10⅜	10-10⅛	9⅞-10	10-10⅛
U.S. Dollar...	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞	8¾-9	8¾-9	9-9¼
Can. Dollar...	9½-10½	9½-10½	9-9¼	9-9¼	9-9¼	9⅛-9⅜
D. Guilder...	5½-5¾	5½-5¾	5½-5⅝	5⅛-5⅝	5⅝-5¾	6-6⅛
S. Franc...	3-3¼	3¼-3½	4¼-4⅜	4¼-4⅜	4¼-4⅜	4¼-4⅜
Deutschm'rk	4$\frac{1}{16}$-4$\frac{3}{16}$	4¾-4⅞	4$\frac{5}{16}$-4$\frac{7}{16}$	4$\frac{7}{16}$-5$\frac{1}{16}$	5$\frac{7}{16}$-5$\frac{9}{16}$	5⅜-5½
Fr'nch Franc	12¼-12¾	12¾-13	13¼-13¾	14¾-15¼	16¾-17¼	17¾-18¼
Italian Lira...	14-15½	14½-16	15⅛-15⅞	16-16⅜	17-17½	17⅞-18¾
Belg. Franc..						
Conv...	9¼-10	9¼-10	9¾-10¼	9¾-10¼	10-10½	10¼-10¾
Fin...	9½-10	9½-10	9⅞-10⅛	9⅞-10⅛	10-10¼	10⅛-10⅜
Yen...	6-6⅛	6⅛-6$\frac{5}{16}$	6⅛-6$\frac{5}{16}$	6$\frac{1}{16}$-6¼	6$\frac{1}{16}$-6¼	6$\frac{3}{16}$-6$\frac{7}{16}$
D. Krone...	11¼-11¾	10½-11	10⅝-11⅛	11¼-11¾	11⅝-12⅛	11¾-12¼
Asia $ (Sing.)	8¾-8⅞	8¾-8⅞	8¾-8⅞	8¾-8⅞	8$\frac{13}{16}$-8$\frac{15}{16}$	9-9⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. MAY 9)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 3/4	offer 8 7/8	bid 8 13/16	offer 8 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate ...	10½
Fed funds (lunch-time)...	8½-8¾
Treasury bills (13-week)	8.13
Treasury bills (26-week)	8.14

GERMANY

Lombard ...	5.0
Overnight rate ...	5.025
One month ...	5.25
Three months ...	5.30
Six months ...	5.35

FRANCE

Intervention rate ...	12.5
Overnight rate ...	12.625
One month ...	12.6875
Three months ...	12.6875
Six months ...	12.8125

JAPAN

Discount rate ...	5.5
Call (unconditional) ...	6.15625
Bill discount (3-month)	6.65625

SWITZERLAND

Discount rate ...	4
Overnight rate ...	2-3
One month ...	4¼-4⅜
Three months ...	4¼-4⅜

NETHERLANDS

Discount rate ...	4½
Overnight rate ...	5¾-6
One month ...	5½-5⅝
Three months ...	5½-5⅝
Six months ...	5⅝-5¾

$ CERTIFICATES OF DEPOSIT

One month ...	8.50-8.60
Three months ...	8.50-8.60
Six months ...	8.60-8.70
One year ...	8.70-8.90

LONG TERM EURO $

Two years ...	9⅞-10⅛
Three years ...	10⅛-10⅜
Four years ...	10⅜-10⅝
Five years ...	10⅞-11⅛

SDR LINKED DEPOSITS

One month ...	8¼-8½
Three months ...	8$\frac{5}{16}$-8$\frac{9}{16}$
Six months ...	8$\frac{7}{16}$-8$\frac{11}{16}$
One year ...	8$\frac{11}{16}$-8$\frac{15}{16}$

ECU LINKED DEPOSITS

One month ...	8⅞-9$\frac{1}{16}$
Three months ...	8⅞-9⅛
Six months ...	9⅛-9⅜
One year ...	9$\frac{13}{16}$-10$\frac{1}{16}$

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 9 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollr rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercil rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nt) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING
Afghanistan ... Afghani	99.00	Greenland ... Danish Kroner	13.595	Peru ... Sol	exo(A)2,114.0
Albania ... Lek	10.08	Granada ... E. Caribbean $	4.23	Philippines ... Philippine Peso	15.48
Algeria ... Dinar	(A) 7.4860	Guadaloupe ... Local Franc	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES SURVEY

HUNGARY
TRADE AND INDUSTRY

Hungary, where economic reform is now the official orthodoxy, has emerged as Eastern Europe's most dynamic and outward-looking economy. The rise in living standards has suffered a temporary check, but the Kadar Government is pushing ahead with plans to integrate the *economy further into* the world market.

Kadar: aiming for economic decentralisation

BY DAVID BUCHAN

VISITORS to Hungary can't help noticing something different each time they go. It does not matter whether you are a Western businessman, attracted by the new duty-free zones for joint ventures or intrigued by the embryonic bond market, a Soviet agronomist studying Hungary's rising grain yields, or just an unaffiliated tourist patronising a privately-run country-and-western bar in Buda or window-shopping down Vaci Street in Pest. Hungary revises your assumptions. It is a society on the move, not to say on the make.

This is scarcely surprising. Change, or economic reform, has become the official orthodoxy of the Communist party and government, presided over, these past 27 years, by Mr Janos Kadar. It was not always so—not before 1968, nor during a prolonged hiccough in the reforms between 1974—and 1978.

The pace of reform of course remains in eternal dispute. Some cry "forward"; Hungary's bankers and innumerable economists would like to see more pressure on the accelerator. Others cry "whoa"; some trade unionists and local party leaders look anxiously for the brake. For the moment these forces seem to balance each other.

But there is little doubt where Mr Kadar, who as party First Secretary still holds the steering wheel, is aiming: decentralisation of economic decision-*making, with the smaller and* slower degree of political devolution tolerable to Hungary's eastern neighbours.

The key to Mr Kadar's success has been consensus politics—widening the political establishment and carrying it with him. This in turn has depended on a *rising standard of* living, the goulash communism that is the envy of the rest of Eastern Europe.

This is under strain in 1983, as the Government strives to balance the country's external

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accounts (to service a high foreign debt) and its internal books (to narrow the budget deficit), under the watchful eye of the International Monetary Fund which has lent Hungary $600m to back a one-year adjustment programme.

The fact that it is only a 12-month programme reflects the confidence of the Government, and to some extent the IMF, that the economy can resume its upward path next year.

The first element, chronologically, in Hungary's success is that it neither destroyed (as in the Soviet Union) nor alienated (as *in Poland*) its peasant society.

Instead the Kadar Government has explicitly catered to the atavistic agrarian instincts of most Hungarians. Indeed the distinction between agriculture and industry, or in marxist terms between peasants and urban proletariat, has become almost totally blurred in Hungary.

Co-operative farms have turned their hands to a myriad of light industrial products, sometimes accounting for more than half total turnover. Private household plots produce a very *high proportion of the* country's fruit, vegetables, pork and poultry. But three-quarters of the plots are worked by people with a first job in industry. Wages in the city and countryside are now on a par, and since the countryside has fresher air, more Hungarians return there than leave it.

In these circumstances, it is hardly surprising that Hungary produces 30 per cent more food than it consumes or that agriculture accounts for a quarter of total exports.

Second, the dead hand of detailed central planning is being removed. The planners still set targets in some areas such as foreign trade, often calculating in reverse from the desired overall result.

Only in the case of bilaterally arranged trade with Comecon partners do these targets translate into specific norms for individual companies.

Managers generally have more freedom to decide the volume, price and destination of their goods. There are fewer bureaucrats to tell them what to do; three industrial ministries have been compressed into one.

The new regulators of the Hungarian economy are supposed to be the "market" instruments of tax and interest rates.

Third, Hungary is shedding its taboo about the private sector. Only, it prefers to call it the "second economy." Largely service-orientated, it is com*posed of the many Hungarians* (as high as 70 per cent of the working population by some estimates) who take a second job in addition to their first in the state sector and many of the 150,000 workers who have left manufacturing industry over the past five years to work full time in services and retailing. It is a combination of legalised moonlighting and natural development of the service sector in a way that other East European countries have not permitted.

This striking development has only a little to do with changes in private ownership, in the sense of individuals controlling outright fixed assets, land or machinery. The number of privately-held farms remains tiny and only 2.4 per cent of manufacturing is in private hands.

Individuals, particularly in the big cities like Budapest, do turn their private cars into taxis, their private houses into restaurants or hairdressing salons, or push barrows on to the streets to sell fruit and vegetables.

But more important is the development of private enterprise and initiative as part of—and this is how the Government and Communist party reconciles it with their political theory—a common effort by groups of individuals.

So, new laws of 1982 have *spawned many little industrial* co-operatives and "economic partnerships"—more than 4,000 people have formed 900 such partnerships in the Budapest area alone. They involve individuals pooling their savings into a common fund to do such diverse things as make calculating machines, translate languages and manage sports fields.

Part of the Government's aim is to foster small enterprises to plug gaps in the market left

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by big companies. But the latter are changing in this regard too. Groups of workers can now strike bargains with their factory managers whereby, after regular hours or at weekends, they lease plant equipment and facilities for special contract work, either for themselves or *for the company. This legalises* what many workers were doing anyway unofficially.

More than 10,000 workers in 1,000 teams, now do such contract work in the Budapest area. An innovative variant of this leasing concept, in the service sector, is the award, by public auction, of restaurants to private managers for three- to five-year periods.

Fourth, Hungary is opening its economy up to the world market, the aim being to sharpen the technical and financial competitiveness of its exports. This has entailed self-discipline, together of course with prodding from the IMF which Hungary joined last year. It unified the exchange rate for the forint in 1981 and now aligns the forint with world currency movements by adjusting its value against a trade-weighted basket of western currencies; in practice this meant average devaluations of 11 per cent last year and of 3 per cent so far this year.

Hungarian companies doing more than a small share of ex*porting* are required to align their domestic prices with their foreign sales prices. The Government charges companies the world price for oil, even though it gets it cheaper from the Soviet Union. The aim of this self-imposed handicap is to encourage use of other energy sources, as well as to get Hungarian companies used to living in "the real world" which the Budapest policy-makers define as the world market.

Does all this fine-sounding theory work in practice? The answer is no, or at least not yet. There is a risk of "overwriting" the Hungarian reforms, fascinating though they are. Not because there is temporary backsliding by the Government into restrictive, administrative measures, such as its September 1982 import curbs; many well-run economies have to impose these from time to time, and Hungary is only slowly recover*ing from its external liquidity* crisis of a year ago. The real reason is that, at the present stage, the market mechanisms are still in some areas only a skin graft on to a state-controlled structure, concealing the body of the economy.

The core problem is the inadequate flow of labour and capital resources from inefficient companies to efficient ones. Workers in money-losing enterprises are naturally reluctant to search elsewhere for employment, and local party bosses and the equivalent of union shop stewards resist lay-offs. Oddly, for what is a fairly dynamic economy, the ratio of *Hungarian* industrial workers who change their jobs in any one year is declining. Yet, there are labour shortages in expanding sectors, remedied in a few instances by hiring Poles or Czechs.

The industrial wage structure does not spur structural change. Basic pay rates for comparable skills differ little as between money-making and money-losing companies or sectors. The Kadar Government, and the IMF for that matter, want to

The dead hand of detailed central planning has been removed. The new economic regulators are supposed to be the market instruments of tax and interest rates

see wider differentials in basic pay, but the effect of the "second economy" has been perverse.

Those in second jobs can double their money, providing plenty of incentive for after-*hours work. But, in regular* industry where the incentives should be, income differentials have narrowed, as most workers can take advantage of the new contract work system but most managers cannot.

The cross-flow of capital is still nearly as sticky as that of labour. Under *pressure from* the IMF this year to reduce the budget deficit to 1 per cent of Gross Domestic Product, the Government has cut back subsidies to money-losing companies a little. Companies wishing to expand, on the other hand, bump up against the pretty tight credit policy of the National Bank. Not surprisingly, they are in the van of those wanting to see some competition introduced into Hungarian commercial banking.

What is needed is to capture some of the cash washing around in the second economy, where it is being used to buy Mercedes cars at 100 per cent import duty, and put it to good use. One means is to improve the tax system. A better way would be to allow companies to sell bonds to individuals, which the Government says it is contemplating.

Hungary faces another gap between theory and practice, in its external economic policy. Its trading structure is increasingly designed along market-orientated lines, suitable for *the West but largely irrelevant* to Comecon partners, with whom Hungary does over half its total trade (54.6 per cent in 1982).

Hungary has made no secret of its desire for reforms inside Comecon: better specialisation, and, above all, creation of a multilateral eastern currency. But it is not banging the reform drum too hard, for one good reason. It is doing very nicely out of the present practice, whereby Comecon countries, particularly the Soviet Union, pay dollars for much of the food they import from Hungary. Were it not for its big trade with Comecon and its smaller trade with the Third World, Hungary would have had no overall hard currency trade surplus last year.

This, then, is another constraint on Hungary advancing too far or too fast in its present direction. Until Comecon reforms itself, Hungary will remain, like the grains it grows so successfully, a hybrid.

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Freedom of enterprise is a major factor in the success of the agricultural sector, says **Leslie Colitt**

Private plot farmers prove their worth

DOWN AT the Badacsony co-operative farm near Lake Balaton they fatten spring lamb all year—in tiers, 10 to a cage, like battery-fed hens. The lambs are for export to Italy and the Middle East.

The farm also manufactures windshield wiper components for the Soviet Lada car and plastic curtain hooks for the Hungarian market. This odd-sounding mixture for a farm is typical of Hungary's 1,500 co-operative farms which work more than 70 per cent of the arable land and are flexible enough to turn out those consumer goods which are most in demand.

Hungary produces 30 per cent more food than it consumes, with the excess going into exports. Most important, 59bn forints ($1.7bn) out of the 80bn forints income from agricultural exports last year was in convertible currencies. This makes agriculture Hungary's leading hard currency earner.

Last year, when industry could not export enough, agriculture filled the gap. Farm exports rose 7 per cent in value while agricultural output increased 3 per cent. Exports are again expected to grow by 7 per cent this year while output is to rise 2 per cent. This is to be achieved while domestic food supplies remain stable, a feat no other Comecon country has come close to matching.

Part of the secret is the productivity of the private farm plots to which every co-operative farm member is entitled. On the Badacsony farm in hilly and not very fertile Trans-Danubia, each of the 1,000 members gets a one-third hectare vineyard plot and one-third hectare of cropland. These plots can double basic individual incomes which average 4,500 forints a month here, the same as the average national wage for all employees.

Farm members buy fodder from the co-operative for their privately-raised animals and can either sell the livestock or poultry to the co-operative or at town markets.

Agricultural co-operatives also hire out cows, sheds and farm machinery to the tillers of private plots on a contract basis. They are then allowed to expand their private plots for growing fodder according to the number of animals taken in.

Only 25 per cent of the 1.6m private plots are actually worked by farmers, though. The rest are cultivated by hobby gardeners from the towns and cities who spend much of their spare time raising food for their own consumption and for sale.

Commodity structure of trade 1981

	Exports %	Imports %
Food, fuels, raw mtrls.	33.6	33.5
Chemicals	10.3	13.8
Machinery	30.9	28.1
Mnfctd. goods	24.0	24.1
Miscellaneous	1.2	0.5

Source: Central Statistical Office

All told, the private plots produce about 50 per cent of Hungary's pork, 40 per cent of poultry and most of the fruit and vegetables.

Not surprisingly, Mr Istvan Szabo, president of the National Council of Agricultural Co-operatives, says: "We have a high political opinion of the hobby gardeners."

At Badacsony farm, the president of the co-operative and his board, rather than a distant bureaucrat in Budapest, decide what the farm will produce. Mr Tibor Jeck, who was elected president by secret ballot, oversees a farm of 6,000 hectares, 50 per cent larger than the average. Badacsony provides employment to 10 surrounding villages and, in addition to its 1,000 members, has 650 employees who are not entitled to a private plot.

The breakdown between agriculture and small-scale manufacturing is 50-50 but Mr Jeck says that the latter accounts for the major part of net income because of the unfavourable conditions for crops in this region.

Despite the ancient machines, a wide range of items is turned out—from plastic rulers to water gauges and gaskets for cylinder heads. The farms workshops produce for the Soviet Union as well as Turkey which buys Badacsony's furnace ventilation equipment.

Producing here is considerably cheaper than in the cities, Mr Jeck says, adding that rural workers are more conscientious than their urban cousins. In a few months, part of production will be switched to making screws which are in short supply.

Adaptable

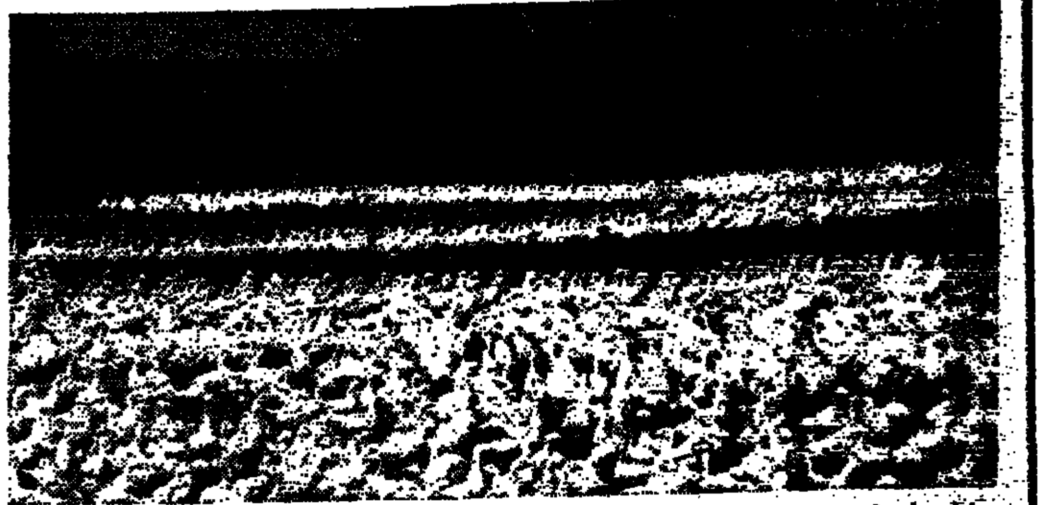
These highly adaptable farm workshops assure that there is work for co-operative members and employees during the winter months. The same women who package car components also harvest grapes in the co-operative vineyards and work their private plots on weekends.

This helps explain why rural Hungary is not being depopulated. In fact, the countryside has gained slightly in the past few years, accounting for 46 per cent of the population, of which 19 per cent are employed in agriculture.

The Badacsony co-operative cannot always produce enough fodder for its 1,700 dairy and beef cattle as the volcanic soil is excellent for grapes but not for forage crops. It buys the fodder it needs from the state farms. The 130 state farms work 11 per cent of arable land. They are run by managers appointed by the Ministry of Agriculture which can specify what is to be grown.

Most produce wheat and maize and, along with the co-operatives, have achieved impressive grain yields. Measured in per hectare yields, Hungary is among the world's first five large-scale producers of wheat and maize which is the foundation for its expanding meat production.

Although state farms are, on average, twice as large as co-operative farms, there exceptions. The co-operative farm of Nadudvar which Mr Szabo has presided over for 32 years is Hungary's largest at 19,000 hectares. It specialises in maize and is the centre of the maize production system which he organised.



GEESE GATHERING at the state farm at Tata, north west of Budapest: animal raising constitutes over half of Hungarian agriculture and geese are one of the country's specialities.

HOW HUNGARIAN LAND IS USED

	In Thousands of Hectares	As Per Cent of Total
Total land area	9,304	100.0
State sector	2,871	30.9
Cooperative sector	5,927	63.7
Of which,		
Cooperative farms	5,300	57.0
Household plots	441	4.7
Private farms	506	5.4

Agricultural land area	6,626	100.0
State sector	1,018	15.4
Cooperative sector	5,180	78.2
Of which,		
Cooperative farms	4,652	70.2
Household plots	368	5.6
Private farms	428	6.4

Source: Central Statistical Office, Statistical Yearbook.

The system includes 391 co-operative farms with an area of 830,000 hectares and has been instrumental in doubling countrywide yields of maize over the past two decades to 6.8 tonnes per hectare last year. This is up to the average yield in the U.S.

Last year, Mr Szabo's farm had a net income of 2.7bn forints and net profits of 492m which he says is probably the highest profit achieved among the co-operative farms. Mr Jeck's farm had a profit of 10 per cent which, he says, put it in the top one-third of the co-operatives.

An important difference between a state farm and a co-operative is that if the state farm has a crop failure the employees, who are trade union members, must be paid. Only their bonus is at stake. In the co-operative farm even the basic wage depends on the profits. Wages fluctuate according to the farm's output and its ability to market its products. This element of risk and reward is characteristic of Hungarian agriculture far more than it is of industry.

Five agricultural co-operatives ran into serious financial trouble last year and 56 of them had to apply to borrow funds from the bank. Mr Szabo says he is against rescuing them too quickly as this would set a bad precedent for the others. "Failures are also part of our policy," he explains.

The economic reform foresees the demise of enterprises which which continually fail to make a profit and are unable to pay back their loans.

Hothouse

One prosperous co-operative farm ran into cash flow problems after investing heavily to build a large hothouse for growing seedlings as well as an intensive pig breeding stall, both of which required heating. The problem was caused by rising fuel prices but the farm was able to sell the hothouse to another co-operative and half of the pig breeding unit to a second farm.

Badacsony co-operative did its sums before investing a large amount of money in the battery-fed lamb operation which is the first in Hungary. Mr Jeck experimented with the project for three years in co-operation with university agronomists (he is a graduate of the agricultural faculty of Budapest University) and a farm machinery factory.

The farm buys suckling lambs from another co-operative and then fattens them in 52 days from 15 to 30 kilos. This compares with a normal fattening time of 65 to 70 days Mr Jeck says. Only two-thirds of the amount of fodder is needed to produce one kilo of lamb. And instead of the 2,500 lambs the farm previously fattened, it can now produce 10,000 annually on the same amount of floor space. Only two attendants are employed, to monitor the automatic feeding and watering.

The lamb-breeding project has paid back its investment in the first two years of operation and now earns the farm some 16m forints a year—most of it in hard currency. Mr Jeck is serious when he says that "freedom of enterprise" is the key to his farm's success.

David Buchan reports on the rolling stock industry

A force in world markets

HUNGARY has built up a rolling stock industry—for road and rail—which contributes heavily to exports. Last year sales of transport equipment and machinery abroad amounted to 102bn forints, 9bn forints more than imports in the same category and a handy addition to the country's export drive.

Inevitably in a small country, the industry is chiefly a tale of two companies, Ikarus making buses and Ganz-Matag making rail carriages and locomotives. But while Ikarus is the star of the lop-sided road vehicle industry (Hungary no longer makes cars and only a very few trucks), it depends on a supporting cast. This includes suppliers making steel, windows, and so on for buses, and employing nearly 80,000 people, and notably the manufacture of engines and rear axles at Raba and gearboxes at Csepel.

"We are the biggest full-size bus manufacturer in Europe," claims Mr Karoly Balla, director of the Ikarus factory at Szekesfehervar, with 14,000 a year. He explains that while for instance Daimler-Benz unit output may be higher, it includes many mini-buses; Ikarus' speciality is still the full-size variety.

Multinational

Design of the buses is wholly Hungarian, but much of their innards are multinational. The engines and gear boxes are made under licences from MAN and ZF, respectively, of West Germany, front axles come from the Soviet Union, drivers seats and heating systems from East Germany, and windscreen wiper motors from Poland.

This reflects of course the heavy export orientation of Ikarus, 90 per cent of whose output is sold abroad. Of roughly 12,500 buses exported, 10,000 go to Comecon (7,000 to the Soviet Union, Ikarus' most constant market), and the rest chiefly to southern Europe, North America, the Middle East and Africa.

By a mixture of competivity and inter-governmental agreements inside Comecon, Hungary has established itself as Eastern Europe's main bus supplier. Some Comecon countries make their own buses, but all buy some from Ikarus.

But the Comecon agreements do not totally ensure Ikarus a market, says Mr Balla, who has worked his way up from the shop floor. "Inside certain limits, we do have competition within Comecon."

Outside Comecon, Ikarus' biggest market is for "knocked down" buses for assembly abroad. This is the case in Iraq and in Angola where Ikarus has been supplying bodies to put on top of Scania or Volvo engines and chassis, in Mozambique and shortly in Libya where Ikarus is supplying whole buses for assembly locally.

It is also the case in North America. In order to benefit from lower U.S. tariffs for goods with local content, Ikarus has had a four-year agreement with Crown Coach of Los Angeles, which "finishes" Ikarus buses and sells them on the West Coast. Mr Balla says a similar arrangement is being contemplated in Canada.

Sales of complete buses are rarer, though Ikarus has just finished supplying Athens with new buses and is also selling to Turkey, and several Middle East and North African countries.

Back in the 1920s Ganz produced buses, as one facet of its long heavy engineering tradition built up under the Hapsburgs. But it has long since abandoned this, to concentrate on rail carriages, locomotives as well as engines, pumps and an increasing range of energy-related equipment.

Ganz-Mavag presently exports about $130-140m-worth of equipment, split evenly between Comecon and the rest of the world. Its rail output accounts for a quarter to a third of total production, and its current deliveries are to Tunisia, Greece and Yugoslavia.

HUNGARY Trade and Industry III

The battle to earn hard currency

"WE SURVIVED the storm but there are still clouds above our heads," says a senior government official, in relief at Hungary weathering its spring 1982 liquidity crisis but in realism about the task ahead.

Hungary's prospects have in fact steadily impoved since the first quarter of last year, when rash of sudden deposit withdrawals, reportedly by Arab countries and the Soviet Union, together with lack of fresh financial credit from the West, ran its reserves dangerously low.

But Hungary, unlike Poland and Romania, succeeded in keeping up payments to foreign banks and companies, and the climate changed with short term support from the Bank for International Settlements, renewal of Western credit last summer, and provision of a $600m standby credit by the International Monetary Fund.

The critical goal, agreed with the IMF, is for Hungary to achieve a $600m hard curency surplus on current account this year, with which to repay principal due on its debts. Since it also owes $600m-$700m in interest this year, this will entail a hard currency trade surplus in excess of $1bn.

So far this year, Hungary is on target, Mr Janos Fekete, deputy vice-president of the National Bank, claims. The first quarter of this year produced a hard currency trade surplus of some $250m. In addition to the IMF credit, Hungary has been able to borrow $200m from a syndicate led by the Deutsche Bank and $100m from Arab and other banks.

Hungary's 1983 trade strategy is to earn convertible currency wherever it can be found, and not necessarily in the West Indeed its 1982 hard currency trade surplus of $410m (more than $700m on a contractual basis) was very largely due to convertible currency payments by Comecon partners for prime Hungarian goods, especially agricultural. Hungary is hoping this will continue but it is getting more difficult. Comecon partners "used to offer us dollars, but now we have to demand dollars," says one Hungarian official.

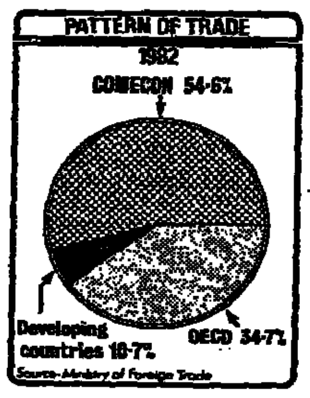
Hungary is making fresh efforts to export to the Third World, from a low level. The problem is that its best markets have been in Opec countries, now hit by lower oil revenue.

But, undaunted, the Hungarians are trying to open new markets in the region—a joint trading company has been set up with Saudi Arabia to promote Hungarian exports there and in the Gulf States—as well as further afield.

Hungary's big markets in the West are Austria, West Germany and Italy, accounting for 50-55 per cent of total exports to OECD countries. Hungarians are keeping their fingers crossed for signs of real recovery here, as well as in other countries like the UK where they want to redress the present trade imbalance.

But the Kadar Government has not been totally passive. It has approached the European Community with a proposal for better treatment for exports of Hungarian beef and other agricultural goods, in return for some lower tariffs on EEC shipments to Hungary. This proposal is of course likely to meet opposition from the farm lobby in Brussels. But Budapest sees it as a test of whatever political goodwill Hungary has in the West and as potentially its first proper negotiation with the EEC, unlike the steel and textile accords unilaterally imposed by Brussels.

PATTERN OF TRADE



Source: Ministry of Foreign Trade

Flexible rules for trading

THE KADAR Government has made a number of recent changes designed to plug Hungary more directly into the world trading network and to stimulate exports. These include allowing bigger Hungarian manufacturing companies to trade direct, creating the possibility of the established foreign trading organisations (FTOs) competing with each other, and introducing an element of choice and thus competition into Hungarian export finance. So the system is more flexible but also more complex, than that in other Comecon countries. Here is a rough guide:

Organisation: foreign trade is still a state monopoly, in the hands of the foreign trade ministry. The very biggest companies have long been permitted to bypass the FTOs (Tungsgram since 1956). But recently many more, with either a high proportion of export business or technically complex products whose sale would benefit from direct contact with the foreign customer, have been allowed to start trading direct. Some 150 manufacturing companies, in industry and agriculture, now have this right.

Another change is the new freedom of choice for manufacturing compaies, whether exporting or importing, to shop around between the 40 or so FTOs. Instead of being tied to the main FTO in their sector, companies can sign up with other FTOs, if they feel they can get a better service.

In fact, only a few have made the switch. It is only practical if the products concerned need no special technical or market expertise to sell. In this context, a new generalised FTO, called, not surprisingly, Generalimpex, has been set up.

Further refinements allow some companies to sell direct and use an FTO's services, an exercise in competition which can be self-defeating, or sometimes to export or import direct i[illegible]" deal.

Yet another twist is added by a new rule allowing FTOs to poach on each other's traditional territory. For instance, Tannimpex, the leather goods FTO, is contemplating trying to sell a nut brandy in West Germany, in theory the preserve of Monimpex, the wine FTO. In fact, Mr Gyorgy Endreffy, Tannimpex's commercial director, says he will only go ahead with Monimpex's say-so, because "the aim should be to create new sources of exportable goods, not just to redivide the existing pool."

The effect of all this on the FTOs has been catalytic. "The big old trading companies needed to be shaken up—and we are being," says Mr Endreffy. "We inherited a certain style in trading, not very closely related to the producers, and now we need to improve so that our clients don't desert us."

Selling in Hungary is, or should be, less "foreign" to the Western businessman than in other Comecon countries, in the sense that there is rarely any hard-and-fast target for imports or any central planner who must be reached and influenced.

Mr Tibor Antalpeter, the foreign trade ministry's director in charge of trade with the West, explains that "while there is a global figure for hard currency imports, very few micro-plans are expressed in figures, unlike other Comecon countries."

TOTAL TRADE IN CONVERTIBLE CURRENCIES
($m*)

	1980	1981	1982
Exports	5,124	5,079	5,142
Imports	4,906	4,820	4,404
Balance	+218	+259	+737

* On a contractual value basis.
Source: Ministry of Foreign Trade.

The Government aims to influence trade levels by indirect fiscal or monetary means, and "only as a last resort," uses direct administrative means, such as the September 1982 import quotas.

So, in theory, the foreign exporter has relatively few administrative hurdles to jump, and can rely on his own salesmanship and the virtues of his product. In practice, given Hungary's hard currency bind these days, success often entails willingness to buy Hungarian goods in return.

Officially, the Government frowns on countertrade because of the price distortions it can cause. But like many governments in these hard times, it not only condones but actively encourages a bit of countertrade.

Direct trading, by producing companies, now accounts for 20 per cent of the country's commerce; 80 per cent is still done through the FTOs. The general feeling is that, provided the FTOs sharpen their performance, the store of contacts, the market knowledge and the languages they have built up through the years should prevent further inroads into their business.

Indeed, some like Metalimpex are now expanding into areas quite unrelated to Hungarian trade, such as using their specialist knowledge to speculate in the world market in their particular commodities.

Importing: the above changes are primarily designed to help the Hungarian exporter. But in so far as they improve the FTOs service, they also benefit the Western exporter trying to ship goods to Hungary. The FTOs provide the foreign businessman with a surrogate office in Budapest. Should he not be satisfied with that, there are several ways to go about setting up representation in Hungary.

Short of a proper joint venture company, it must, though, be done through one of a dozen Hungarian agencies which deal with foreign business representation. The foreign company can simply get one of these agencies to represent it, or it can send its man to work in the agency, or it can set up its own separate office within (not necessarily physically) the Hungarian agency.

Exporting: Hungarian exporters are changing their marketing structure abroad as well as at home. The traditional way has been to appoint a local agent. But, as Mr Antalpeter explains, this is often the most expensive because it involves a chain of agent - importer - wholesaler - retailer, each taking their rake-off. "It is going out of fashion in Hungary as everywhere."

Hungarian companies are tending to make direct contact with end-users of their products abroad, or approaching retailers direct. This generally involves setting up abroad either their own offices or joint ventures. Hungarian joint ventures abroad now number nearly 100, far more incidentally than exist at home.

Trade finance: Hungary has traditionally preferred to finance imports from the West out of untied loans from Western banks, rather than supplier credits from Western companies which, even with Western government guarantee and some subsidy, generally worked out more expensive. In this sensible bias, Hungary was unique in Comecon.

But the post-Poland squeeze on Western bank loans to Comecon has changed this for the time being and Hungary is now taking trade credits from the ECGDs, Hermes and Cofaces of the West.

The structure of Hungarian exports entails relatively little supplier credit. Capital goods to the East are sold in Comecon barter, only 8-10 per cent of exports to OECD countries are big capital items requiring supplier credit, and, while nearly half exports to the Third World require credit, their absolute volume is small.

But in what export credit it offers, Hungary is, as usual, slightly different. In other Comecon countries, foreign trade banks have a clear monopoly on export-import finance. But Mr Sandor Demcsak, president of the Hungarian Foreign Trade Bank, says his bank is in competition with the National Bank, which does the most trade financing because it holds all the rouble accounts with Comecon partners, and the Central European Investment Bank, a four-year old joint venture between six foreign banks and the National Bank.

Mr Demcsak admits, however, that this competition has yet to translate itself into much real difference in terms and rate on export credit, though FTOs are free to choose which bank to use.

"The National Bank does most of the normal trade finance business, we do the abnormal," Foreign Trade Bank (FTB) executives say.

By this, they mean that the FTB, which describes itself to Westerners as a socialist merchant bank, focuses its attention outside Comecon, and its activities range between setting up government to government credits, helping Hungarian companies arrange technical co-operation deals or joint ventures with Western companies, coping with countertrade, and providing standard export finance.

Hungary is not, of course, party to the Western OECD consensus on export credits, and can, when it has the means to do so, undercut that agreement, both in rates and terms. For instance, it feels free — but is not often rich enough—to offer 100 per cent financing, instead of the OECD guidelines of only 85 per cent.

David Buchan

HUNGARY Trade and Industry IV

David Buchan and Leslie Colitt profile six key figures in the country's economic life

TAMAS BECK: president, chamber of commerce

Two-way transmitter

IN ONE sense the Hungarian Chamber of Commerce is like any other. It promotes the country's exports, divides itself into sections studying country and sectoral markets, and maintains offices in London, Paris, Moscow, New Delhi, Singapore and Beirut. But, as Mr Tamas Beck, the Chamber's president, explains, the economic reforms which have loosened the tight legal ties between government and industry and not yet fully forged new market-related links between companies, have created a special role for the Chamber.

The first aspect of this is "representing the views of business leaders to the Government, and vice versa," says Mr Beck. This two-way transmission has become the more necessary since the 1981 amalgamation of three industrial ministries into one, pruning the number of bureaucrats supervising industry (and occasionally listening to its complaints) from 2,300 to 500.

So Mr Beck, elected in secret ballot by the Chamber's 32-member board, sits in on various governmental meetings. In return, economic ministers like Mr Jozef Marjai face the Chamber's 800 member companies three or four times a year to hear their views direct.

Clearly, the Chamber is interested in anything that sharpens its member companies' export competivity. "We make many proposals on this to the Government," says Mr Beck, hinting that the recent 3 per cent devaluation of the forint is partly the result of Chamber pressure.

On other issues, the Chamber's views are less predictable. Some member companies want to keep their wage increases down (which happens to be Government policy this year); others want to keep wages high to retain labour that would otherwise flow out of the cities back to the countryside.

Mr Beck, who also heads Budaflax, the textile firm, says his company now has to combat its labour shortage by hiring workers who come for the day over from Czechoslovakia.

Other aspects of the Chamber's new role boil down to promoting better management and organisational techniques among member companies. This involves running seminars at the Chamber, in addition to those at the Central Management Institute (OVK) where Hungarian managers are supposed to go every four years for refresher courses, and providing opportunities for managers to study abroad, in the West or East.

Hungarian companies have generally been slow to adjust to dealing with each other directly, horizontally instead of the old vertical chain of command from ministries. One result is that they still retain some of the siege mentality of the bygone "shortage economy" and tend to hoard stocks, unsure of each other as suppliers.

Mr Beck admits this is a problem, noting that textile companies in Hungary keep three to four months of materials in stock, compared to only two weeks of stocks kept in, say, the U.S. This consumes expensive warehouse space, not to mention credit.

If part of the problem is that Hungarian companies now feel they lack a referee (in the form of the Government) to settle minor commercial disputes—and they do not want to go to endless litigation through the courts — the Chamber has a partial solution.

It has just set up an "ethics jury" to judge complaints by one member company of another. It already has two cases before it. However, Mr Beck believes the real answer is for Hungarian managers to rely more on "gentlemen's agreements."

Beck: promoting better management

Szabo: first hand information

ISTVAN SZABO: president, National Council of Agricultural Co-operatives

Pivotal role in changes

ISTVAN SZABO, president of the National Council of Agricultural Co-operatives, has played a pivotal role in the transformation of Hungarian agriculture into the most productive in Comecon and among the most efficient in Europe.

As a member of the Central Committee of the Hungarian Socialist Workers (Communist) party, a deputy to the Hungarian Parliament and head of the largest co-operative farm in the country, he says he sometimes feels his functions give him too much "insight."

Mr Szabo recalls that only 10 years ago Hungary still had basic food shortages, especially of meat which is now one of the main exports. In those days, he says, people were not very "friendly" toward agriculture.

Today Hungary has as many pigs as it has people, 10m. It is the third largest per capita meat producer after Denmark and the Netherlands but before the U.S.

The dramatic turnabout is in large part the result of financial incentives which make co-operative farmers as eager to produce maize as consumer goods. Monetary rewards also induce them to spend their summer evenings and weekends tilling their household plots.

The National Council of Agricultural Co-operatives was founded in 1966 to safeguard farmers' interests and Mr Szabo was elected president. This was a first step toward granting autonomy to the co-operatives which had been kept under tight central control. They were regarded with suspicion by dogmatic party officials who tolerated them for political reasons.

Motivation

In those days, Mr Szabo says, there were long and heated debates about the future of agriculture. He had the advantage of being able to provide first-hand information on what was needed to motivate farmers as head of the Red Star farm co-operative since 1951.

Hungarian farmers, he says, are reluctant to accept the need for new agricultural technology because of the high costs involved. Ten years ago, machinery was relatively cheap and the Government provided subsidies. Today there are no subsidies, machinery and fertilisers are far more expensive and food prices have not kept pace.

The only way to overcome this problem, he says, is for the co-operatives to pool their machinery and storage facilities. But few farmers see this necessity and instead want to relive the successes of a decade ago without new investments in agricultural machinery.

Mr Szabo bemoans the growth of administrative personnel in Hungarian agriculture. He says it goes hand in hand with the increasing computerisation of Hungarian agriculture which the Government fosters but with which he does not agree.

Similarly, he opposes the further concentration of agricultural co-operatives through mergers. A 4,000-hectare farm (the average size) is large enough for modern machinery he feels. There is no law against mergers "but, "we speak to the presidents of the co-operatives which want to merge and try to stop them."

It is vital not to lose sight of the individual, Mr Szabo says. The lone angler, for instance, "catches something he can talk about, even if it is only a cold. He doesn't criticise the political system and he does his job.

"This is why we support the household gardeners (on their private plots). It is good for them and good for society."

SANDOR GASPAR: secretary general, trade union movement

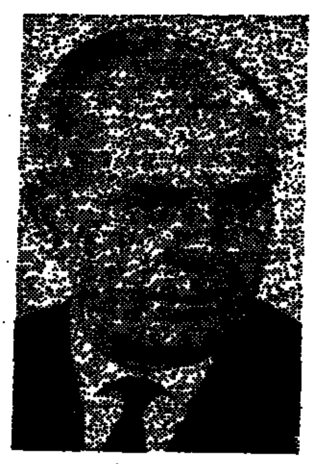
Wearing two hats

ASIDE from the exceptional case of Mr Lech Walesa, Mr Sandor Gaspar is perhaps the eastern bloc's best known trade unionist. He is secretary general of the Hungarian trade unions, he happens to be the only trade unionist at present to sit in the Politburo of a communist country, and he is also president of the World Federation of Trade Unions (WFTU), the Prague-based body to which most communist national unions are affiliated. At 66, he is part of the Kadar generation at the top in Hungary.

Mr Gaspar is thus very much an establishment figure, but with the difference that marks Hungary's establishment from the rest of the eastern bloc. He says his credo is that "we should never accept anyone's infallibility, even our own." The Communist Party has the "leading role," but "no monopoly on truth," and must continuously consult all elements of society including the unions.

As Mr Gaspar explains it, unions in Hungary have "a wide field for potential confrontation and exercise of their rights." On basic issues of wages, prices, standard of living, unions have a right of approval. In 300-350 instances a year, unions exercise their "veto" on management or government plans, either at the level of a factory or sometimes a whole sector, says Mr Gaspar.

This does not lead to strikes as in the West, but re-negotiation. Hungarian unions have a right to be consulted on changes in work procedure and a right to be informed on technical matters.



Gaspar: part of the Kadar generation

Unions play a central role in wider economic issues. "We are not just standing outside the fence and looking in," Mr Gaspar says. He dismisses as "a fairy tale" reports that the unions are acting as a brake on the pace of economic reform. They were consulted right from the start of the reforms in 1968 and agree with the decentralisation since.

The unions are concerned to "moderate" the reforms' side-effects. They pushed the Government into raising pensions two years ago and into limiting rent increases this year.

Does Mr Gaspar feel schizophrenic wearing trade union and Politburo hats at the same time? No, he says, pointing out that trade unions are not the "sole carrier" of workers' interests in a Communist country. The advantages for union members of having him represent their interests at the highest level outweigh any disadvantages, he claims.

For this reason, he is sceptical about suggested reforms to give vested interests greater political representation in a strengthened Parliament. Several secretaries of Hungary's 19 industrial unions are already MPs, he says "and by the time issues come before the Parliament it is too late to make changes." This, of course, might no longer hold true if the Parliament were really reformed.

Mr Gaspar, in both his Hungarian and WFTU roles, frequently meets Len Murray, Lane Kirkland and other union leaders of the West. He says it is nonsense for many in the West to say that union leaders are more stooge-like and less talented in the East than the West. Indeed, the reverse might be true, he hints.

Mr Gaspar is wary of spelling out the lessons of the Polish Solidarity movement for unions in general. But he believes that two illusions must be dispelled. The first illusion, on the Eastern side, is that the Polish trade unions can carry on where they left off in 1980, before Mr Walesa stepped in. The second illusion, on the Western side, is that something like the political movement into which Solidarity developed can exist in the East.

ILONA TATAI: chief executive, Taurus rubber manufacturers

Taking on more responsibility

"I FELT a bit lonely," says Dr Ilona Tatai, looking back on her elevation in 1975 as chief executive of Taurus, Hungary's biggest rubber manufacturer. People then raised their eyebrows at a woman heading such an enterprise. "But there are now others of us in charge, though perhaps not at companies of Taurus' size, and I believe it is easier for women to rise to the top of Hungarian industry than in other socialist countries and in the West," she says.

Clearly, Dr Tatai has been able to fill a big job that has become bigger with the responsibilities that the Hungarian Government has loaded on to its managers in recent years. Building on a 100 year tradition of rubber-making, the present day Taurus has an 11,000 workforce and an annual turnover worth \$350m-\$400m, with 40 per cent of output going for export split evenly between Comecon and the West.

Typical of the bigger, export-oriented Hungarian companies with a small domestic market, Taurus (like Dr Tatai, an engineer) is a specialist. Slightly more than half its output is tyres for trucks, tractors and agricultural vehicles; it makes none for cars, leaving that to imports, mainly from Comecon. The rest of its product line is light produce, such as inflatable mattresses for

Tatai: getting over the loneliness

specialist gear for the mining export to the West, and heavy and oil industries.

Taurus actually claims to have 40 per cent of the world production of rubber hoses used in the oil industry either in injection of water into wells or in loading tankers. This stems principally from the fact that the Soviet oil industry is now totally reliant on Taurus for these hoses. In the early 1970s the Russians and Poles made such hosing, but dropped it following one of those Comecon specialisation agreements that seem to work to the Hungarian advantage, leaving only Romania to rival Taurus inside the eastern bloc. Taurus has also licensed hose production in the U.S.

The pre-war Hungarian rubber industry had close ties with Western firms like Dunlop of Britain and Semperit of Austria. These were cut for two decades. But, as Dr Tatai sitting beneath her office portrait of Lenin explains, with the post-1968 opening up of the Hungarian economy these links have been renewed. In fact, Taurus has recently taken a direct plunge back into the world market by setting up its own trading arm.

Taurus used to rely — as manufacturers have to in the rest of Comecon — on a separate trading organisation to do its buying and selling abroad, in this case Chemolimpex. "Relations were always a bit strained," says Dr Tatai, and in 1981, using the new flexibility of the economic reforms, "we got a peaceful divorce" from Chemolimpex.

With the help of some former Chemolimpex employees, Taurus is now doing its own trading and marketing. "This is better because we get faster commercial and technical feedback from the market. But of course we now have only ourselves to blame for any failures."

HUNGARY Trade and Industry V

JANOS FEKETE: first deputy president, National Bank

Banker with style

Fekete : network of contacts

JANOS FEKETE is Comecon's best known banker in the West. This undisputed reputation stems less from his formal position — which is first deputy president of the National Bank in what, after all, is Eastern Europe's smallest economy— and more from a certain, very Hungarian showmanship and a network of personal banking contacts world-wide.

These stood Hungary in good stead during its spring 1982 liquidity crisis, when Mr Fekete rallied support from fellow central bankers in the Bank for International Settlements. The reputation also stems from his abiding interest in international monetary issues, beyond those in Comecon; he is a member of the Group of Thirty study on monetary reform. This is of fresh relevance to Hungary since it joined the IMF last year.

The "Fekete factor" is partly responsible for the growth in power of the National Bank in Hungary — it is, for instance, the only central bank in Eastern Europe, and many other areas for that matter, not subordinate to the finance ministry.

To some, the bank's power has grown irksome, particularly its hold on credit allocation. This feeling, together with a desire to extend the economic reforms, has spawned talk of introducing more competition into the banking sector, perhaps by splitting the National Bank's commercial banking activities from its role of bank of issue and regulator of foreign transactions.

"I am not against competition, provided I retain full, ultimate control over the money system," says Mr Fekete.

"I am a Marxist, indeed I was one-time secretary of the party at the National Bank, and I believe firmly in a centralised monetary system as the basis for socialist planning."

His credo is "maximum freedom for companies, maximum control of money." Such control means the National Bank keeping its monopoly on foreign borrowing, though it imposes no bar to other banks in Hungary trading in foreign exchange.

In frequent speeches abroad, Mr Fekete has gone in to bat for Eastern Europe against what he sees as the unjustified attitude by Western bankers over the last three years in restricting credit to Comecon as a whole.

He has termed this the "stewing pot" theory (and just as false as the earlier "umbrella" theory) by which all East European countries are seen to be stewing in the same pot: if some fall sick, all will eventually succumb. There is obviously a big measure of self-interest in Mr Fekete's complaints. Hungary stands to benefit, and indeed is doing so, from differentiation by Western bankers.

ANDRAS DUNAJSZKI general director, Ganz-Mavag

Enjoying the new freedom

Dunajszki : retains an umbilical cord to the Government

"THERE IS much more freedom of manoeuvre for managers here than in other socialist countries — in fact there is hardly any comparison," says Dr Andras Dunajszki, general director of Ganz-Mavag, the country's biggest engineering enterprise.

Dr Dunajszki still has to field the odd telephone call from the ministry during an interview in his well-appointed office. But he explains that the Government no longer requires compulsory plan information from him and other managers, generally relying instead on indirect means such as tax and interest rates to guide industry.

Few of his contracts are set or closely supervised by the Government; one exception is the electronic control equipment which Ganz-Mavag is building for Comecon nuclear power reactors and which is financed by a big rouble credit from the Comecon investment bank in Moscow.

Clearly, however, there are advantages in hard times for companies such as Ganz-Mavag — state-owned like all big industry in Hungary — in retaining an umbilical cord to the Government.

"We have problems of profitability," Dr Dunajszki admits, suggesting that Ganz-Mavag is still having to draw a subsidy from the state. "We have invested $200m worth over the past six years in reconstruction, and payments on credits are a burden, even though last year we increased turnover by 11 per cent, while our workforce decreased by 5 per cent."

That last fact is unwelcome. "Unlike other socialist countries, people in Hungary are now leaving the cities for the countryside, and at Ganz-Mavag we are trying to keep workers, by building new flats and raising wages above the national average, by 5-6 per cent in 1983," Dr Dunajszki says.

To plug the gap, Danz Mavag has taken on 700 Polish workers (5 per cent of the company's workforce). They come on a year's contract, on loan from their Polish companies.

Relatively freer though Hungarian enterprises now are of tight state control, the Government still has ways of making them export. One means is the rule requiring companies doing more than 5 per cent of their domestic sales in hard currency exports to limit domestic price increases to those in their export prices.

Dr Dunajszki thinks the rule is good, though it annoys many of his fellow managers.

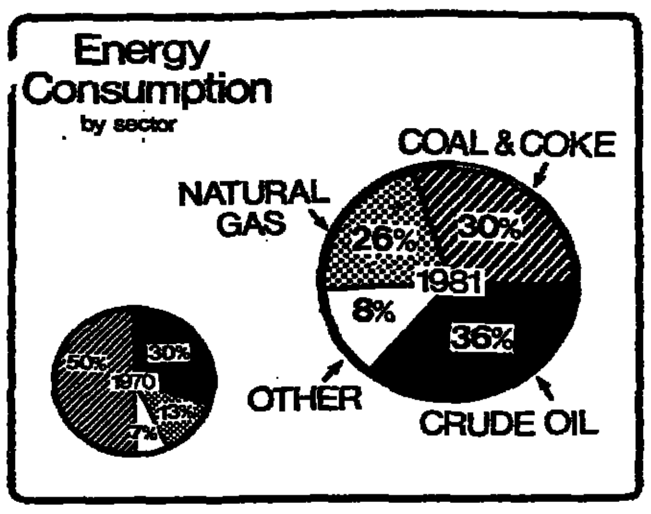
Tom Sealy examines the progress of the energy saving programme

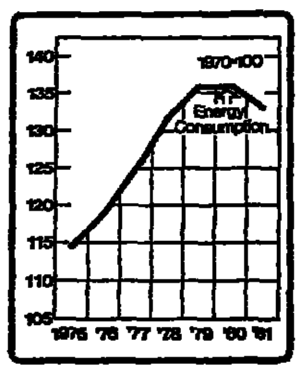
Why the most difficult part is still to come

MAKING a virtue of necessity seems to be a Hungarian talent. When, at the end of 1981, the USSR asked its East European Comecon members to accept an average 10 per cent cut in the level of Soviet crude oil deliveries under the clearing trade agreement for the 1980-85 period, the Hungarians not only accepted it, but used it as the impetus for an aggressive energy saving policy which has cut oil imports into the country by some 20 per cent over the last two years.

But while this saving is significant, the difficult part of the energy saving programme is still to come. So far the cut in imported oil seems to have been gained largely by cutting back on petrochemical industry output (refineries will be processing 600,000 tonnes less crude this year) and avoiding the more obvious forms of waste. Even with progress so far Hungary still needs to import about 50 per cent of its energy, costing 17 per cent of all income from exports. In the early 1970s the cost was just 6-7 per cent. Also, says Laszlo Kapolyi, Secretary of State for Industry, the specific consumption of energy in Hungary is still 20-40 per cent greater than in the developed Western countries.

Hungary's current energy saving programme was actually launched in December 1980, a year in advance of the Soviet oil supply reduction, and was itself an extension of an energy saving programme instituted in January 1978.





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The first programme saw the first real use of the price mechanism to control and change energy consumption habits in Eastern Europe. The cost of heating oil and household energy was raised by 34 per cent in 1979 alone and was a major contributor to a 9 per cent rise in consumer prices in that year. In the preceding 10 years consumer prices rose by only some 2.5 per cent a year.

The policy had a dramatic effect.

Over the next two years overall energy consumption increased by only 0.7 per cent a year, petrol consumption increased by 1.5 per cent, domestic heating by 0.6 per cent and use of primary energy in electricity generation by 1.9 per cent. In the preceding two years overall energy consumption increased by 5.4 per cent a year, petrol consumption by 9.3 per cent, domestic heating by 3.8 per cent and primary energy in electricity generation by 7.5 per cent.

The second, current, energy programme, like the first, seeks to maximise domestic production of coal, oil and gas to make the USSR Hungary's sole foreign oil supplier, to cut oil imports and raise gas imports. Also, it stipulates a maximum increase in primary energy consumption of 2 per cent a year, a maximum increase in electricity consumption of 3.5 per cent a year, and a cut in the share of hydro-carbons in total energy use from 64 per cent in 1980 to 59 per cent in 1985.

Thus, when the USSR made its request for a 10 per cent reduction in oil deliveries to its East European Comecon neighbours, Hungary was already prepared. Total Soviet oil imports in 1981 were down to 7.75m tonnes compared with 9.96m tonnes in 1978, while over the same period gas imports from the USSR rose from 1.24bn cubic metres to 4.00bn.

For the rest of this five year plan, at least, these imports have now settled down to 8m tonnes of oil a year, made up of 6.5m tonnes of crude and 1.5m tonnes of oil products, plus 3.8bn cubic metres of natural gas a year, 1bn under the clearing agreements and 2.8bn via the Orenburg joint Comecon pipeline.

The cost of the 8m tonnes of oil to be imported this year is put at some 31bn forints (£500m) or around 25 per cent of the value of all imports from the Soviet Union.

Excluding oil, Hungary's other energy imports now amount to some 6.5m tonnes oil equivalent (toe) a year, made up of the Soviet natural gas imports plus about 0.2bn cubic metres a year from Romania, about 1.5m tonnes a year of coal from Poland, Czechoslovakia and the USSR equivalent to about 1m toe, and net imports of electricity from Austria and the USSR equivalent to some 2m toe.

Moderate

Electricity from the USSR is a direct import via a 750 kW line from the Comecon unified power system. However, electricity from Austria is gained through a 15-year-old exchange agreement. Most of Australia's electricity is generated by hydro-power whereas Hungary mainly uses thermal stations. In wet periods of the year Austria supplies Hungary and the reverse is done during dry periods. This results in an approximate 10 per cent gain for Hungary or about 8bn kW a year.

Domestically Hungary is blessed with coal, oil and natural gas. Unfortunately the coal is largely of low-calorific value brown coal and lignite, while oil and gas is available in strictly moderate amounts so that total primary energy production from these sources totals only some 15m tonnes.

Coal is the biggest of these sources with a total yearly production of around 26m tonnes.

Moreover, coal output has remained static since 1974 despite massive investment in the industry under the two energy saving programmes. Under the "Eocine" development programme both new mines and machinery are being introduced throughout the two black coal and six brown coal mining districts. Two new mines, the Markushegy and the Nagegyhaza have been opened up in the Tatabaya open cast mining area and a further two are under development. Also a new underground mine is being sunk at Many, to the west of Budapest.

There the coal seams have now been reached at a depth of just over 400m and production is planned to start at the end of next year. Estimates put the coal available in the area at 100m tonnes, but the new mine is designed to provide access to only 21m to be extracted over a period of 25 years.

Of the other resources, yearly oil output runs to some 2m tonnes and natural gas about 6.5bn cu m. Two new oil wells have been brought into production near Kiskundorozsma in one of the small oil and gas fields in the Szeged basin.

On the gas extraction side a new deposit is to be put into operation in the current plan period. This new field will be linked to the Tisza thermal power station. The new field has an inert gas content of about 60 per cent. If consumers can be found for this, output will be able to be increased up to around 2bn cu m.

But even with these natural limitations Hungary has managed to cut the growth in energy consumption at home and switch consumption patterns from an over heavy dependence on oil to coal and natural gas. As a result the share of crude oil and oil products in total energy consumption has fallen from 41 per cent in 1978 to 35 per cent in 1982.

There was no growth at all in total energy consumption last year. Consumption by production industry fell by 1 per cent compared with 1981 and the population's consumption rose by 3 per cent, including a 10 per cent rise in electricity use. Overall electricity consumption increased by 3.7 per cent to 33,100,000Mwh, of which 26 per cent was imported.

Shift

This year the plan envisages an increase of 1 per cent in energy consumption with a domestic coal output of 26m tonnes and an increase in gas production to 6.8bn cu m.

But the big new factor in Hungary's energy balance will be the Paks nuclear power station which is due to come into commercial operation this year. At present it comprises just one Soviet 440Mw Novovoronezh pressurised water reactor, but will be followed by an additional unit in 1984, 1985 and 1986 to bring it up to its designed capacity of 1,760Mw.

This year the station is expected to provide 4-5 per cent of the national electricity supply which in turn is expected to increase by 3-3.5 per cent. It will provide the basis for the energy balance shift planned for the latter part of the century.

High technology hard hit by West's sanctions

OVER the past few weeks the British specialised computer press has been enthusing over a new Hungarian entrant into the highly competitive field of microfloppy discs. These units which have a diameter of 10 cm or less, are designed for use in the booming new market for portable personal computers. The market is currently dominated by such well-known Western manufacturers as Sony, Hitachi (with Maxell) and Matsushita) and Seagate, while Sinclair Research and IBM are working on their own versions. That a virtually unknown Hungarian electronics company, Budapest Radio Engineering, now finds itself in competition with such manufacturers is indicative of both the strengths and weaknesses of the country's high technology industry.

At its simplest, Hungary's electronics and computer industry is adversely affected by the small size of the country and its population on the one hand, and by Western high technology sanctions on the other.

Hungary's computer and electronics industry really began to develop at the end of the 60s with the development of the Comecon unified computer series "Ryad." Within that programme Hungary was given the task of specialising on the manufacture of small systems and peripherals. As a result employment in computer technology in the country rose from 6,137 to 17,844 from 1970 to 1980, while the availability of computers of all types rose from 147 to 1,244 over the same period.

But, of that total number of computers in 1980, 45 per cent, or 560 were mini-micro computers and 482, or 38.7 per cent were small, medium capacity machines. Of the remaining 202 machines, 171 were medium capacity computers, 28 medium to high capacity and three high capacity.

Skills

But at the same time that Hungary was gaining the skills, experience and manufacturing technology to produce small computers and peripherals, it also had to face the problem that the domestic market was too small to provide a reasonable rate of return on investment. The simplest solution to this problem would have been to acquire the basic technology from the West and concentrate on new developments.

Such a Western connection would not only help reduce the investment cost. but also make it easier for Hungarian computer manufacturers to market their products in the West, thus providing them with the advantages of mass production.

However, increasingly stringent Western export legislation on high technology sales to Eastern Europe has hit hard, forcing the Hungarians to make uneconomic investments to develop for themselves technology which is freely, and often cheaply, available in the West.

One result of this has been an explosion in the number of companies producing electronic components and computers and a concentration on the sale of softwear.

On the software side, the Institute for Co-ordination of Computer Techniques in Budapest alone has earned $18-20m in software exports to the West over the past four years and its current sales are running at around $5m a year.

For the future, therefore, Hungary intends to exploit both its software skills and its expertise in micro and mini-computers by finding market gaps for "systems" rather separate hardware or software packages. At the same time the level of computerisation in the country itself is to be raised.

Industry itself is fairly well served by computers in Hungary but there are still problems of excessive warehouse stocks. In part this has been due to the development by small enterprises of their own accounting systems. Computers offer a solution in providing a rational, generally applicable solution to the problem.

However, that also means winning the acceptance of the enterprises which in turn requires fairly extensive re-education for which the computer industry is not adequately equipped.

Much the same is true of computer use in the agricultural industry and much work has been done over the past two years on developing software packages for small computer applications specifically designed for farms and market gardens.

Software

Over the current five years 326m forint has been allocated for the development of computer technology for the construction industry, with 292m forint to be invested in research, development and software, use of computer systems in new areas and modernisation data record systems.

The major aims of the programme include the mechanisation of design in the industry, automation of technological processes through computer control and further improvement of enterprise management. A further 34m forint will be used for hardware development and the use of microprocessors and minicomputers. At present the industry has 62 Soviet R-40s and R22s, as well as small and mini-computers with a total value of over 1bn forint.

Also, there is now a national project to equip all secondary schools with a computer by September this year. Financed to the tune of 46m forint the project provides for 1,000 mini-computers manufactured by a co-operative and the training in computer techniques of some 3-4,000 teachers.

Even so, Hungary's production of microelectronics is still below the level of other Comecon countries like Czechoslovakia and the GDR, and microprocessors are a particular problem.

As a result the Hungarians intend to spend F10bn on research, development and production plant in the electronics industry over the current decade. But a significant part of this programme depends on the import of Western technology. On the one hand some of it at least will be restricted if the Nato CoCom rules are tightened up in the way the United States would like to see, and on the other the continuing hard currency liquidity problem will limit those purchases which can be made.

Limitations

The same limitations of scale also affect Hungary's entry into that other area of high technology of today—industrial robotics. While other Comecon countries like the USSR, the GDR and Bulgaria talk in terms of massive development programmes turning out hundreds, if not thousands, of industrial robots in the current five year plan, Hungary has just 20 in use at the present time and a target of only 300 by the end of 1985, almost all of which are to be imported from the other Comecon countries.

That is not to say that Hungary cannot produce the technology itself. In the mid-1970s the Gyoengyoes unit of the Tungsram factory started the production of manipulators and in the late 1970s developed reprogrammable television tube transfer equipment, selling 400 units to the USSR.

The Bakony works at Veszprem, which produces car components, has developed an assembling robot and plans to start serial production of smaller reloading manipulators and part feeding systems by 1985.

On the whole, however, the Hungarians appear to be reluctant to dissipate their numerically limited high technology skills on a massive domestic robotics programme. Rather, it looks as if they will concentrate on contributing to the robotics programmes of the other Comecon states.

At the 36th session of Comecon, which was held in Budapest last year, the member countries signed a co-operation agreement on the development of robot technology which limited Hungary's role to the production of components, control units and highly specialised robots which can be economically manufactured in relatively small production runs.

Tom Sealy

Leslie Colitt reports on three key industries

PHARMACEUTICALS

HUNGARY is the pharmacy of Comecon. It supplies the Soviet Union with 40 per cent of its drug imports. At the same time it is the only East European country making a determined attempt to gain a foothold on Western markets.

The country's largest and oldest pharmaceuticals company, the Chemical Works of Gideon Richter, is aware that selling speciality drugs in the West is far more profitable than selling standard products and basic chemicals. It has a joint venture in West Germany with the Dutch group, Akzo, which is developing its drugs to EEC standards.

Gideon Richter conducts its animal and clinical testing in the West to accelerate registration of the drugs and to convince its Western partners. Chronic toxicology studies, for example, are carried out by Huntington Research Centre in the UK.

The Hungarian firm has developed two specialities which are to be sold in the West by American, Dutch and Japanese pharmaceutical companies: Cavinton, an oxygenator of the brain for the elderly; and Arduan, a muscle relaxant for surgery.

Until now, Gideon Richter has mainly been a receiver of Western licenses, with rights for all Comecon countries, which it pays for with bulk chemicals. But its 700 scientists in research and development, as well as the two other large drug research institutes whose results it taps, are working to develop original products for introduction in the West.

Exports make up 75 per cent of the firm's production, with 25 per cent of sales earning hard currency and 50 per cent transferable roubles. Sales last year were the equivalent of $300m. However, 65 per cent of the hard currency was earned by bulk chemicals and the rest by drugs. The most important customers were West Germany, France, Switzerland, Algeria and Belgium. Sales to the West are rising by 10 to 15 per cent annually.

Although Gideon Richter is state-owned, Dr György Fekete, the Assistant General Director responsible for R and D, notes it is not told what to produce or at what price to sell. While its products are sold domestically at a "world market" price, the Hungarian patient buys the drugs at 10 per cent of this price with the trade union making up the difference.

The pharmaceutical industry in Hungary is to expand twice as fast as the rest of industry with an emphasis on animal drugs and plant protection chemicals for Hungarian agriculture and for export together with turnkey agricultural projects.

PETROCHEMICALS

The petro-chemical industry is to receive top priority in the future and is to be developed in close co-operation with the Soviet Union. Hungary exports ethylene to the Soviet Union by pipeline in exchange for which it gets petro-chemical products. In the future, Hungary will obtain ethylene from the Soviet Union and will supply it with products more advantageous for Hungary.

Less than one-third of the total exports of the chemical and petro-chemical industries, 5.6bn forints, went to Comecon while two-thirds were sent to the West. Imports from Comecon amounted to 9bn forints and 24bn forints from the West.

This heavy reliance on the West is reflected in the three joint trading companies in the West which are run by Chemolimpex, the foreign trade organisation.

The largest one is in Frankfurt and has Metallgesellschaft as a partner. Sales last year in West Germany, which is the main market for Hungarian chemicals, were DM 200m. Chemol Wien in Austria is also linked with Metallgesellschaft while in London, Chemolimpex has an 80 per cent share in London Chemical Company which had a turnover in 1982 of £10m.

Hungarian trade officials emphasise that they for one could not be accused of dumping bulk chemicals on Western markets. Their price system stipulates that domestic sales prices must equal export prices. This forced the Hungarian chemical firms to abandon certain European markets and to seek new ones in the Far East where prices were higher.

Hungarian chemical specialists openly acknowledge that their industry is some 10 years behind that of other advanced industrial countries. Investments in large-scale projects have been sharply curtailed and this means the lag will be preserved.

ALUMINIUM

HUNGARY has rich deposits of bauxite and is one of the major European producers of aluminium. The Hungarian Aluminium Corporation (Hungalu) is one of the five largest companies in the country with a turnover last year equal to $1bn.

Although demand for aluminium was depressed, Hungalu managed to sell $150m worth of products for hard currency last year, a decrease of 5 per cent. This business was mainly with West Germany, Austria, the U.S. and Scandinavia.

Mr Peter Horvath, head of marketing at Hungalu, says this was actually a 20 per cent increase in sales considering the sharp drop in the price of aluminium. This year, he says, the company should be above the 1981 level.

Two years ago, Hungalu was given the right to conduct its own foreign trade. Distributor-type joint ventures are being set up in Austria and West Germany and a joint venture is being established in India. The company is on the lookout for further joint ventures which, Mr Horvath says, must be profitable to both sides in the first few years.

Hungalu also produces aluminium doors for Ikarus buses and supplies Western car-makers as well as power tool manufacturers with diecast products.

The smelting of alumina, which is obtained from bauxite, into aluminium metal requires enormous amounts of electricity. It is for this reason that Hungary has an agreement under which it exports alumina to the Soviet Union which is smelted into aluminium ingots using hydro-electric power.

Looking to the future, Mr Horvath says he can foresee Hungalu establishing manufacturing joint ventures abroad in the next few years. For example, he says, it might be a good idea to set up an aluminium foil plant in Ceylon to package tea there. His company would also be interested in a joint venture to produce aluminium foil for cigarettes.

Although joint ventures between Western and Hungarian companies have been encouraged for a decade, only 13 such organisations exist. As a result the Government has introduced new incentives

Still waiting to get off the ground

JOINT VENTURES, or the investment by Western companies in home based Hungarian enterprises, is one bright Hungarian idea which has still not succeeded in getting properly off the ground. Although the original legislation was introduced in 1972 and revised in 1977 and 1979, there are still only some 13 such companies in existence compared with around 150 in Yugoslavia.

The basic aim of the joint venture legislation was to help speed up the transfer of Western technology into Hungary and to provide an outlet for Hungarian manufactured products abroad. Unfortunately for the Hungarians the original legislation was too restrictive to be attractive to more than a handful of Western companies and by the time it was modified it was overtaken by the Western recession.

Faced with massive market cutbacks most Western businessmen were too concerned with reducing investments in their home plants to concern themselves overmuch in expanding into an East European country.

Opportunity

But the lack of any real progress in the setting up of joint ventures over the past 18 months did at least give the Hungarians an opportunity to re-examine the legislation and bring in some improvements. The result was unveiled this year—customs free zones.

If it wishes any new or existing joint venture can apply for duty-free zone status. If granted, the company has to erect a 3m high fence around itself and it is then considered to be on foreign soil. It can import and export personnel, materials and finished products without paying customs duties, providing the materials and personnel concerned do not leave the zone. When that is necessary a customs official will be posted at the factory gate.

The legislation also means that such an enterprise is completely freed from Hungarian laws; from the pricing, wage and investment system.

The new regulations also make it possible for a joint enterprise to accept credit from any bank and to dispose of its foreign currency turnover without restriction. Hungarian banks, however, will only be permitted to grant credit in convertible currency under "international" terms.

In addition, the Foreign Trade Bank now offers a comprehensive consulting service to all joint enterprises. The bank will, on request, help in the preparation of contracts and calculations. It is also prepared to attend negotiations, recruit Hungarian partners and make financial contributions to the enterprise.

But there are also Hungarian enterprises which specialise in helping foreigners with joint ventures and co-operation deals. One such organisation is Intercooperation Co Ltd. Set up 12 years ago the company handles up to 30 per cent of all Hungarian co-operation contracts, covering joint ventures, technical co-operation agreements, leasing and sub-contracting agreements.

Of the two alternatives — joint ventures or co-operation deals—it is the latter that has found most favour with Western businessmen. According to the UN, of the 2,000 or so co-operation deals concluded between East and West, about 1,000 of them are with Hungarian enterprises.

The variety of possible co-operation deals is reflected in the number of agreements signed. So far they cover the manufacture of American jeans on U.S. equipment, West German suitcases, Austrian-Swiss steel-making technology, Swiss typewriters, Swedish welding tools, prefabricated parts, and service and maintenance facilities. Abroad there are Hungarian-built parts for power stations produced under a Finnish licence, and other power station outfitting produced with Italian and Swedish co-operation.

The common feature of all these deals is that the Hungarian production is based on the foreign experience and that the Western partner obtains his advantage through high-quality output at competitive prices.

But even here success is patchy. Whereas Hungary has 350 co-operation deals with West German companies it has only 65 with British ones. Even more disappointing is the fact that only about 10 per cent of the foreign trade with both of these countries is produced from the co-operation deals.

With a possible pick-up in world economic activity this year, however, Hungary is looking for a quickening of interest from potential Western partners particularly in the fields of alkali accumulators.

Intermediates

Possible partners include sinter electrodes (Hajdusagi Iparmueved), agricultural machinery (Mezoegeptroeszt), dyes and paints (Hafe), synthetic magnesite (Magnezitipart Muevek), machine tools (Forgacsolosszerszamipari Vallalat), electronics and micro-electronics (Videoton), plant protectives, chemicals, and pharmaceuticals (Budapesti Vegyimuevek), synthetic and plastics packagings, pipes, aniline, benzol chloride and phosgen-based intermediates (Borsodi Vegyi Kombinat), and olefine derivatives, plastics intermediates and plastics (Tiszai Vegyi Kombinat).

Tom Sealy

THE JOINT VENTURE MERCHANTS

SICONTACT CO. LTD:
Western partner: Siemens AG.
Activity: electric and electronic industrial equipment, appliances, parts, design development, design works, servicing, training.

VOLCOM-HUNVARY CO LTD:
Activity: delivery contracts for vehicles and parts, know-how, after sales services.

RADELCOR INSTRUMENTS SALES LTD:
Western partner: Corning International Corp.
Activity: Corning Radelkis know-how, market research, servicing, goods display, professional lectures.

B + Z CO LTD:
Western partner: Zyma.
Activities: manufacture and sales of active ingredients for pharmaceuticals, chemicals and pharmaceutical research.

BUDAPEST CASINO CO LTD:
Activities: casino operation and provision of tourist services.

SPHERO-EVIG CO LTD:
Activities: manufacture of special pumps using magnets instead of bearings.

BCR AND LILLY CO LTD:
Western partner: Eli Lilly.
Activities: production of animal feeds based on nonesin sodium active agent, marketed under the trade name Elancoban and Romencin by Eli Lilly.

QUALIPLASTIC CO LTD:
Activities: manufacture of thermoplastic granules and intermediates.

SKAALA-LUESCHER CO LTD:
Western partner: Luescher.
Activities: installation, operation and maintenance of coin operated games in Hungary, organisation and provision of related tourist services.

ECONOSERVICE CO LTD:
Activities: financial advice, accountancy, management services including joint-venture consultancy.

CENTRAL EUROPEAN INTERNATIONAL BANK: See Panel below.

METRITECHNIK AUTOMATION COMMERCIAL AND SERVICE LTD:
Western partner: Festo Engineering GmbH.
Activities: pneumatic and electronic control technology.

SKALA-ARAB TRADE PROMOTION LIMITED:
Western partner: Caravan Transport Establishment, Damman.
Activities: promotion of joint trading in consumer goods.

The Central European International Bank

THE CENTRAL European International Bank (CEIB), set up in Budapest in November 1979, is Hungary's only joint venture with a foreign share participation exceeding 49 per cent. The National Bank of Hungary is still the biggest individual shareholder with 34 per cent, but the remaining 66 per cent is held in equal 11 per cent holdings by Banca Commerciale Italiana, Bayerische Vereinsbank, Creditanstalt-Bankverein, the Long-term Credit Bank of Japan Ltd, Societe Generale and the Taiyo Kobe Bank Ltd of Japan.

Also, it is the only off-shore institution in the country, and moreover, was given that status on its formation despite the fact the legislation allowing the introduction of duty free zones for joint-ventures in Hungary was introduced only this year. That move at least may now help the bank in explaining its position in replying to the constant queries it has about its status.

Dr Lajos Komar, CEIB's managing director, explains: "It is true that we are located in Hungary and registered under Hungarian law, but we are exempted from Hungarian legislation affecting both banks and businesses. We are not integrated into the Hungarian banking system nor are we subject to the foreign exchange laws. Also, of course, the chairman of the bank (currently Mr Leopold Henri Jeorger, deputy general manager of Societe Generale) is always elected by Western shareholders.

When the bank started its operations in 1980 with a capital of $20m and a contingency credit line of $15m, it intended to concentrate on three main areas: trade financing, project financing and serving western investors in joint ventures with Hungarian partners. There was also a project to set up an offshore commercial enterprise.

But although the bank made a reasonable profit of $2.6m in its first year and $2.7m in 1981, the worsening financial status of the Comecon and Third World countries forced a change of policy, particularly as the bank's offshore status meant that it had no central bank in the background as a final resort.

The shareholders decided to cease their activity in high risk areas, to moderate the projected growth of the bank, and to concentrate on ensuring its stability, profitability and liquidity. To achieve this they opted out of medium-term lending, except in exceptional circumstances, and developed a completely new line of business—export finance and, particularly, export pre-finance.

As a result of this policy the bank ended 1982 with a volume of total assets of $232m, 4.5 per cent up on 1981, and a net after-tax operating profit of $2.8m after the deduction of $3m in bad debt provisions.

Although these figures do not look particularly impressive at first glance, Dr Komar is quick to point out that they were achieved under particularly adverse conditions. "Also our net return on total assets was 1.3 per cent and our net return to own resources was 10 per cent. They may not be the best possible figures, but they are also more than acceptable compared with the performance of other international banks around the world."

T.S.

Leslie Colitt on the growth of tourism

Warm welcome extended to Westerners

SMALL WONDER that Hungarian economists call tourism a more effective way to earn hard currency than exporting manufactured goods. This invisible export earned Hungary $270m last year, a 25 per cent increase over 1981.

Even after deducting $90m in costs, this still left $180m which made tourism the country's second largest producer of hard currency after agriculture.

The number of tourists from Western countries rose 17 per cent last year to 2.7m while the number of visitors from Eastern Europe fell 43 per cent to 7.1m. This was a step toward what the Hungarians succinctly call "qualitative tourism," meaning a sharp drop in the number of day shoppers especially from neighbouring Yugoslavia and Czechoslovakia.

East Germans made up the largest single contingent of foreign tourists, some 1.8m last year. Although Hungary is an expensive country for them the East Germans come in ever-greater numbers each year.

Hungary is eager to boost further the number of Western tourists. The Austrians, who merely have to pop in from next door and do not need visas, are the largest group, numbering 1.4m last year, followed by 700,000 West Germans, 67,000 Americans — many of Hungarian extraction —40,000 French and 38,000 British.

The importance Hungary attaches to tourism is shown by the $300m 15-year loan it received from Austria in 1980 to build a string of new hotels in Budapest and to expand Budapest airport. Most of the hotels have been built, greatly alleviating the former chronic shortage of rooms.

Dr Akos Niklai, General Manager of the de luxe Forum Hotel, which was completed in 1981, says his hotel has to repay the portion of the Austrian credit used to build it—595m schillings—out of its earnings which amounted to $8m last year.

A far greater proportion of Hungarians are able to travel to the West than the citizens of any other East European country. There were some 500,000 last year. This compared with 3.4m Hungarians who travelled to other East European countries and the Soviet Union.

Hungarians are able to buy $350 for forints every three years for a trip to the West with a tourist passport. They can travel every year on a visitor's passport if they go on an organised tour or are invited by relatives or friends in the West who pay the expenses. Only a very small percentage of those Hungarians who visit the West do not return.

In fact, travel to Western Europe has become such a matter-of-fact event that the Austrian and West German tourist boards have begun a campaign to get more Hungarians to spend their holidays there.

Information

An annual travel exhibition held at the Bundapest Fairgrounds is devoted almost entirely to travel to the West and Yugslavia. Western airlines and dozens of Hungarian travel groups provide Hungarians at the exhibit with information. For 93,000 forints—nearly 21 times the average monthly wage—a Hungarian can take a three week package tour to the U.S. And for 24,500 forints he or she can spend 15 days with full board on Mallorca. This year, for the first time in decades, the first group of Hungarians will be leaving on a tour of China.

Western visitors to Hungary may obtain visas at the border crossing points and Bundapest airport, but it saves time to get a visa in advance. Entry into the country is civilised and efficient and has none of the unpleasantness associated with border controls of the other East European countries. Hungary does not require tourists from the West to exchange a fixed amount of dollars into forints for each day they spend in the country. This is because the official exchange rate for the forint to Western currencies is virtually the same as the unofficial rate, unlike the currencies of other Comecon countries.

Thus there is no need for the authorities to require a fixed exchange as tourists are not normally approached by private Hungarians seeking to exchange forints into hard currency.

Despite domestic inflation of 7½ per cent this year, prices remain reasonable for Westerners. The Hungarian forint's

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Taking steps to improve the quality of life

Jozef Marjai (right), Hungary's deputy prime minister responsible for economic policy, answers questions from David Buchan

1983 is a critical year for adjustments in the Hungarian economy. Besides improvements in the balance of trade and payments, how do you hope to achieve this structural change?

Even in the present world economic climate, amid disequilibrium and slow growth, a new technical revolution is taking place. Hungary must strive to keep up with this revolution, so as not to be left behind. Our main economic priority — improving the country's economic equilibrium —presupposes that we also change thoroughly the economy's structure.

What does "structural change" entail in practice? It means making products which the world will buy, which have a higher intellectual content, and which require less raw material and energy to produce. By carrying out such structural changes, we directly improve the external balance of the Hungarian economy.

Government and companies have to work together on this. The Government must improve further its system of regulation so as to both oblige and enable enterprises to shoulder the risks of technical development.

For their part, companies must assume a market-oriented outlook and increase their flexibility. Government programmes for rational, economical use of energy and materials, our credit policy, and an updating of our sectoral development schemes, are all aimed at adjusting to the new world market.

> ❛ Despite the fall in real wages, the nation lives somewhat better than it did in 1980 ❜

Will not the average 4 per cent cut in workers' real wages this year put in doubt public support for the economic reforms?

Our policies cannot be pursued without making sacrifices. If we want to leave more goods for export and to lower import demand, domestic purchasing power has to be reduced.

Many market economy countries as well as other socialist countries have had to do the same in recent years.

We set as a goal for the 1981-85 period the maintenance of the standard of living. In the first two years of this period living standards went up, but as the external environment deteriorated faster than expected, we could not avoid a fall in real wages this year.

But, taking the average for the society as a whole, the Hungarian nation still lives somewhat better than it did in 1980, despite the fall.

The government is taking special measures to soften the impact on those worst affected—people on low pensions or with large families—and to help young people starting out in life.

We take care to produce a steady improvement in opportunities for people to spend their money, in the quality of life. Hungarians have more restaurants to go to today—the standard of service is higher—and they have a wider choice of goods and shops than, say, two years ago.

The population gauges the reforms, not merely in terms of how average incomes improve but also of whether living conditions in general are improving and whether more work will earn a better life.

In Hungary today, the social consensus in favour of reform is unchanged, because taking the reforms further is the key to the standard of living resuming its steady rise.

What new economic reforms are you planning, for instance competition in the banking sector?

Pursuing the reform, in our case, is no empty slogan. The reforms launched in 1968 are still being continued as before in a far worse world economic climate. Everyone agrees that the reforms must go ahead. Exactly how this should be done is the subject of a wide-ranging and open debate.

It is clear that the efficiency of companies should be more faithfully reflected in their profitability and in the level of their employees' wages than happens at present. There should be a more significant flow of capital and labour to where they can generate most national income.

Present restrictions in setting wages have to be sorted out to allow differentiation according to workers' actual performance.

Company profits are still distorted in certain cases by state subsidies, which must be gradually eliminated. Meanwhile we must broaden the area of the economy covered by what is called the "competitive" producers' price system, introduced in 1980.

I feel this must inevitably be matched by a more selective taxation system for companies and individuals.

The aim, too, in modernising the Hungarian banking system is to reinforce the entrepreneurial, commercial banking functions, and in the longer run to separate, institutionally, the roles of central banking from commercial banking.

But there are some things which companies must do for themselves. One is to create a visible system of incentives within enterprises. I should also like to see Hungarian companies stick less rigidly to their "established profiles" and show more courage and flexibility in branching out into other activities.

> ❛ Making economic decision-making less centralised is a permanent endeavour of ours ❜

Do the economic reforms necessitate political changes?

Making economic decision-making more democratic and less centralised is a permanent endeavour of ours. There exist a multiplicity of interests at the various levels of the economy.

Giving them a say can only give economic policy and management a more solid foundation, and decisions thus made are carried out by those affected with more conviction. No economic policy that fails to correspond with the real interests of companies can be a good one.

In companies, the responsibility of supervisory committees and boards of directors is increasing alongside managers' individual responsibility. Industrial and agricultural co-operatives already have a broad tradition of democratic decision-making.

In 1981 the Hungarian chamber of commerce got broader rights, so that it could act as a consultative partner to the Government while representing its member companies, and, if you wish, criticise government policy in certain cases and put forward its own proposals. Consumers now also have their own representation.

To what extent do the Hungarian economic reforms require change in Comecon trading practices? Is autonomy for Hungarian companies in the long run compatible with Comecon trade regulated by bilateral inter-governmental agreements?

Comecon, like other regional organisations in the world, is developing a joint solution to the challenge presented by the world economic crisis. The identity of goals and social conditions in this community of ours enables Comecon co-operation to develop further. That development improves the conditions under which Hungary's external sector operates and so contributes directly to the economic reforms' success.

There is no contradiction with Hungarian companies' autonomy in the fact that intra-Comecon trade is regulated by inter-state agreements, since the companies take part in preparing these agreements, and, essentially, what we do is to codify their own business targets. In practice, trade is carried on through the same kind of inter-company contacts as anywhere else.

Hungary has liberalised its joint venture legislation and recently permitted "off-shore," duty-free zones for export-oriented joint ventures. Is anything more planned to attract foreign capital?

Rules allowing joint ventures in Hungary with foreign participation were introduced more than 10 years ago and have been made steadily more flexible since. Nowadays, the foreign partner may own a majority stake in joint ventures, which can also be set up in customs-free zones where Hungarian exchange, customs and other rules hardly apply.

At present 12 foreign joint ventures operate in Hungary. This is low, and attributable to objective world economic factors and the political climate as well. The licensing procedure for joint ventures must be made simpler and clearer for the foreign party. We do not grant tax concessions at present, but the rate is not high by international standards and the full tax burden less for joint ventures than for purely Hungarian companies. The greatest attraction will always remain our political stability, the high skills of our labour, and the predictability of our economic policy.

Is it not risky for the National Bank to go on raising credits abroad when Hungary's external markets remain stagnant and sales conditions tough?

We are able to draw credit, because our creditors have confidence in our economic performance and policy. They know we can pay the loans back. While in 1982, for instance, the volume of world trade dropped by 2 per cent, Hungary's exports in convertible currencies rose by 5.5 per cent.

Last year Hungary's convertible-currency trade balance showed a surplus of more than \$700m. The target for this year is a \$1.1bn convertible currency trade surplus.

This is realistic, even under present conditions on the world market. Figures for the first quarter show a \$250m trade surplus. Of course both a recovery in world economic activity and abolition of administrative restrictions on goods we export would improve our access to markets.

A big problem for us—here again we are not the only ones affected—is the low world market price for a great many groups of products.

How has membership of the International Monetary Fund and World Bank helped Hungary?

It has increased the confidence of the financial world in this country and improved our commercial credit rating, as well as providing credits worth \$600m from the IMF.

We are also arranging several credit agreements with the World Bank, to foster grain production, to rationalise energy use and to promote exports. Hungarian companies can now tender for projects financed by the World Bank, and in areas we have developed such as water management, energy, education, health and agriculture, we can reasonably expect future export orders.

In my opinion, membership of these institutions has not, as such, influenced the direction of our economic policy—but it has strengthened it.

> ❛ Membership of the IMF and World Bank has strengthened our economic policy ❜

Hungary does not, generally, like to be advertised as a reform model for Eastern Europe. But Soviet and Polish leaders publicly refer to lessons to be drawn from the Hungarian economy. What part of the Hungarian experience can be transplanted?

We have based the reform of Hungarian economic management on our own circumstances, level of development and historical heritage. So our approach, unaltered, is only valid for us.

Nor do we intend to recommend that anyone take over fully our methods. Every country must work out its own solutions, and this is true not only in the socialist world—the West German economic system could not be applied without alteration to the U.S.

Many are studying the experience we have gained, in agriculture for instance, and we, likewise, study the results of others, not to copy but to find elements of which we can make use.

What are the prospects for Anglo-Hungarian relations?

I can answer this from my own personal experience, because I visited Britain in March and met your Prime Minister, Mrs Thatcher.

Unfortunately, economic links between our two countries have not developed at the same rate as our political relations intensified. In the 1970s Hungary's exports to Britain grew fivefold and our imports from there tripled.

But in the 1980s bilateral trade turnover has stagnated, and today the UK has slipped from fourth to seventh or eighth place among our market economy partners.

The UK is geographically more remote for Hungarian companies than is Austria, for instance, and for British firms Hungary is further than, say, France. But this is not unsurmountable, it merely entails more effort to penetrate each other's markets. It would be desirable to establish more industrial co-operation contracts and to develop co-operation on third markets. The elimination of the administrative restrictions on our access to your market is long overdue.

During my visit to the UK, I gained the impression that both governments share an intention to develop their political and economic relations. So, I am optimistic about the future.

Warm welcome for Western visitors

CONTINUED FROM PREVIOUS PAGE

3 per cent devaluation against the dollar and other Western currencies last month helped in this respect.

Prices of de luxe hotels are up to those of equivalent Western hotels while the standard of service is sometimes superior.

When plans were revealed in the early 1970s for a Hilton hotel to be built on the Buda side of the Danube in the Castle District, Budapesters feared it would mar the most beautiful part of the city. Luckily, the hotel turned out to be a pleasing addition to the skyline, incorporating in its courtyard the ruins of a former Dominican monastery where concerts are often held in the summer.

The panorama from the hotel and the nearby Fishermens' Bastion of the Danube and the magnificent Chain Bridge—built by the Scottish engineer, Adam Clark—and the gothic Hungarian Parliament is not easily forgotten.

The latest de luxe hostelry, the Forum hotel, which has a franchise from Grand Metropolitan, occupies a choice embankment site at the Danube on the Pest side, next to the newly built Hyatt Atrium Hotel which is also Austrian-financed.

The lack of funds in the early postwar years probably spared Budapest some of the wanton redevelopment schemes which scarred so many European cities beyond recognition. Pre-war residents of Budapest who visit the city today are able to find nearly all the 19th century landmarks which they remember such as the Vörösmarty Café (still known locally as Gerbaud) and the Café Hungaria which was formerly the New York.

Budapest has one attraction which no other capital can match, its medicinal spas where one can "take the waters" in the Central European tradition.

Sufferers from rheumatism and arthritis can get medicinal mud treatments at the thermal baths behind the impressive Gellert Hotel or at the new Thermal Hotel on Margaret Island in the middle of the Danube. Austrians and West Germans are the main visitors who combine sightseeing with health cures.

A sharp reduction in all-paid spa cures by the West German health insurance has led to an upsurge in the number of Germans taking their cures in Hungary. The Thermal Hotel Heviz and a thermal lake of the same name which is 200 km from Budapest has more West German guests this year than Austrians.

Heviz is said to be the warmest thermal lake in Europe where, even in the dead of winter, the water is 23 deg C. Guests swim slowly through the sulphuric water which is reputedly excellent for treating rheumatic ailments and spinal disorders in combination with medicinal mud. Legend has it that Heviz lake is also beneficient for childless women and the resident physician says that if the lake does not help "maybe the guests will."